

Table with financial data including exchange rates and market indices.

New York tense after race incident

Racial feeling was running high in New York after a court in the borough of Queens dismissed murder and manslaughter charges against three white youths following the death of a black man in a mainly white suburb.

AT&T told to cut rates by 11%

AT&T, US telecommunications group, has been ordered to reduce its long-distance telephone rates by an average 11 per cent from January 1, 1987.

Seelig quits Morgan Grenfell over role in Guinness takeover

BY CLIVE WOLMAN IN LONDON

MR ROGER SEELIG, London's most prominent adviser on takeover battles, resigned yesterday as corporate finance director of Morgan Grenfell, the merchant bank, because of his involvement in a takeover battle launched by Guinness, the brewing and spirits company.

The man has been thrown to the wolves, I consider it inconceivable that he was acting on his own authority (when given the indemnity). Roger was always very professional and very cautious.

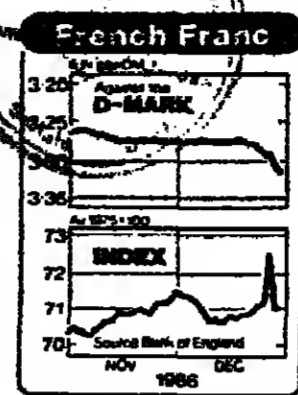
Morgan Grenfell said last night that any formal indemnity given by the bank would be approved by a credit committee. However, the bank's policy has always been to give its individual corporate finance directors a high degree of autonomy.

UK group left out of ITT, CGE venture

BY TERRY DODSWORTH IN LONDON AND DAVID WHITE IN MADRID

STC, the UK electronics group, is to be excluded from the dominant new European telecommunications company which will be formed by the merger of the telephone interests of ITT of the US and Compagnie Generale D'Electricite (CGE) of France.

The UK company refused last night to make any comment on the alteration in the proposed transaction, and the US group gave no reason for changing its mind over the future of the STC holding, which is currently worth about \$300m.



Paris moves to prop up franc

By George Graham in Paris and Janet Bush in London

RENEWED pressure on the French franc yesterday forced the Bank of France to raise its seven-day repo rate by half a percentage point to 8.25 per cent.

The final flurry of activity in the marathon negotiations also failed to find a formula to bring Telefonica, Spain's semi-state telephone monopoly, into the joint venture.

Telefonica had originally agreed in the summer to take 10 per cent in the new group with an investment of \$300m, but divergences soon emerged over the future of ITT's Spanish subsidiaries, in which Telefonica holds a stake of just over 20 per cent.

Salvador base hit

Left-wing guerrillas attacked a military base near San Esteban Catarina, 35 miles east of San Salvador, killing 16 soldiers and wounding at least 13 others.

Mugabe-Kaunda talks

Zimbabwean Prime Minister Robert Mugabe and President Kenneth Kaunda of Zambia discussed possible sanctions against South Africa during three hours of talks on their border.

Camps battle erupts

Shia Muslim and Palestinian fighters exchanged fire at two Beirut refugee camps despite an official ceasefire. Palestinians claimed a number of children had been killed by a mortar bomb.

Chernobyl return

Some 1,500 people evacuated from southern Byelorussia after the Chernobyl nuclear accident are being allowed to return to their villages and will be home in time to celebrate the New Year, Tass news agency said.

Sakharov's visitor

Outgoing US ambassador Arthur Hartmann paid a half-hour visit to Soviet dissident Andrei Sakharov, who returned to Moscow last week from nearly seven years of internal exile, and talked with him and his wife, Yelena Bonner.

East German exodus

Nearly 20,000 East Germans were allowed to emigrate legally to West Germany this year, the second-highest total since 1963, Bonn government officials confirmed.

Japan to end limit

Japan is to scrap a 10-year-old limit on defence spending of 1 per cent of gross national product, but Prime Minister Yasuhiro Nakasone promised the country would not again become a military power.

Students defended

The head of the lawforce investigating China's wave of student protests said most demonstrators were showing enthusiasm for reform patriotically and none had broken the law. Police halt protest.

Atlanta fogbound

Dense fog stranded more than 100,000 passengers at Atlanta, Georgia, one of the world's busiest airports, for two days in what was described as the worst traffic tie-ups in US aviation history.

Korean unity plea

President Kim Il-Sung of North Korea proposed high-level talks with leaders of South Korea to settle what he called the "urgent question" of national reunification.

Reagan's regrets

The US said it regretted the Kremlin's rejection of a proposal for President Reagan to extend new year greetings on Soviet television and said the President would instead broadcast to the Soviet people on the Voice of America.

Financial Times

The Financial Times will not be published tomorrow, New Year's Day. We wish readers, advertisers and distributors a happy New Year.

Reagan unveils import duties against EEC

PRESIDENT Ronald Reagan yesterday announced a string of heavy import duties against the EEC in retaliation for tariff increases on US corn sales to Spain.

McDonnell Douglas decides to go ahead with MD-11 jets

MCDONNELL DOUGLAS, the US aircraft manufacturer, has decided to go ahead with the MD-11, a three-engine jet to replace its ageing DC-10 range.

Common market: the vision is back on course

AEROSPACE: challenge to Airbus gains pace

UK politics: Tories get the scent of victory

EDITORIAL COMMENT: crisis in Noddyland

Common market: the vision is back on course

BRITISH BROADCASTING: soap and glory

Aerospace: challenge to Airbus gains pace

LEX: a year is a long time in the markets

UK politics: Tories get the scent of victory

SWEDISH FINANCE: the long view pays off

Editorial comment: crisis in Noddyland

MANAGEMENT: phenomenon of corporate calendar

World stock markets: the bulls run on

TECHNOLOGY: great gizmos of 1986

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Advertisement for AT&T with logo and slogan 'The right choice'.

Large advertisement for Gilts Bonds, titled 'HOW YOU CAN MAKE MONEY WHEN INTEREST RATES FALL'.

OVERSEAS NEWS

Police lines halt Peking student demonstration

BY ROBERT THOMSON IN PEKING

SEVERAL HUNDRED students yesterday massed for the second successive morning behind the gates of the Peking Normal University...

People's Daily assuring the masses that price rises would be kept to a minimum, and warning that people who spread rumours about inflation were liable to be punished.

Students staged a march through Peking streets in defiance of a government ban on such protests. Mr He said the stirrer has since been apprehended.

Canadian move on Turkish immigrants

By Bernard Simon in Toronto

CANADA has asked the Turkish Government to co-operate in stemming a sudden surge of Turkish immigrants who have joined a flood of other visitors claiming refugee status in Canada.

Italians name their favourite and least popular politicians

BY JOHN WYLES IN ROME

ITALIAN Prime Minister Bettino Craxi was at the same time the best and one of the worst politicians of 1986, US President Ronald Reagan still has strong support but Soviet leader Mikhail Gorbachev is attracting many admirers...



Gianni Agnelli: Italian heart-throb

equivalent to the most recent voting strength of the Italian Communist Party. Italians judged Mr Reagan's "Irangate" crisis as more serious than their own domestic political squabbles...

Exxon sells S. African affiliates to a trust

Exxon yesterday announced it had sold its interest in its South African affiliates, joining the exodus of American companies from the country.

Black journalist held A black South African reporter for Business Day newspaper who specialises in writing about segregated townships was detained without charge under the Internal Security Act...

Kim urges doubling of output

By Our Foreign Staff

PRESIDENT Kim Il-Sung of North Korea yesterday called for a doubling of the country's total industrial output over the next seven years.

Kaunda and Mugabe renew call for sanctions

BY TONY HAWKINS IN HARARE

PRESIDENT Kenneth Kaunda of Zambia and Mr Robert Mugabe, the Prime Minister of Zimbabwe, yesterday ended a one-day summit with a renewed call for mandatory economic sanctions against South Africa.

and their joint reliance on South African transport links. The communiqué called on the UN Security Council to enforce far-reaching sanctions against Pretoria.

Portuguese bishops in radio row

BY PETER WISE IN LISBON

PORTUGAL'S Roman Catholic bishops have taken an aggressive stand on the side of the minority conservative Government in a long running dispute with the left-wing opposition over the privatisation of state-owned media.

Budapest fires economy chief

BY LESLIE COLLITT IN BERLIN

THE HUNGARIAN Communist Party, faced with a deteriorating economy, has replaced Mr Laszlo Ballai, head of the Economic Policy Department of the Central Committee...

Drop in exports hits Venezuelan current account

By Jo Marn in Caracas

THE president of Venezuela's central bank, Mr Hernan Anzola, announced yesterday that Venezuela would have a balance of payments deficit this year estimated at \$3.5bn and a current account deficit of \$2.1bn.

US-Iran talks on \$500m frozen assets adjourned

BY OUR AMSTERDAM CORRESPONDENT

TALKS between US and Iranian bankers which began to agree on Monday on resolving Iran's claim to \$500m of assets frozen in the US were adjourned yesterday...

Ceasefire 'violated'

Rebel leaders yesterday accused the Philippine Government of 14 ceasefire violations and charged that the military was using the truce to mass troops in the countryside for an offensive against the insurgents.

Beirut shots traded

Shia Moslem and Palestinian fighters traded fire from behind sandbagged dugouts at two Beirut refugee camps today in spite of orders to uphold a New Year ceasefire, witnesses told Reuters.

Polish IMF talks

A VISIT to Warsaw by a team from the International Monetary Fund in mid-January will see the start of talks on credits aimed at easing Poland's chronic debt service problems to the end of the decade, writes Christopher Dobinski in Warsaw.

Death toll from bombing of Afghan city 'over 450'

BY MOHAMMED AFTAB IN ISLAMABAD

WESTERN diplomats in Islamabad said on Tuesday that more than 450 civilians had been killed in a bombing of Kandahar, the south-eastern Afghan city, close to the Pakistan border.

European vision of free common market is back on course

A flurry of year-end diplomacy has revitalised a programme to scrap all trade barriers, writes William Dawkins

AS LITTLE as two months ago, the European Economic Community's ambitious plans to build a European market free of trade barriers by 1992 looked a premature hope.

Key moves under UK presidency

Technology: Type approval for telecommunications terminal equipment; direct broadcasting by satellite standards; moves towards integrated services digital network standards; legal protection of microcredits; information technology standards.

US economic index takes a big leap

THE INDEX of leading indicators, the US Government's main barometer of economic trends, rose 1.2 per cent in November sharply up on October's 0.5 per cent increase.

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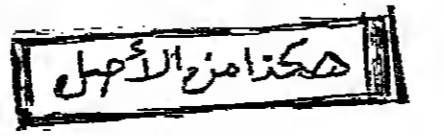
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FINANCIAL TIMES advertisement with contact information for Europe, USA, and other regions.

Get your News early in Frankfurt advertisement for the Financial Times.



Aeritalia to build 12.7% of MD-11 tri-jet airframe

BY JOHN WYLES IN ROME

PRODUCTION sharing arrangements between Aeritalia, Italy's leading aerospace manufacturer, and McDonnell Douglas will be substantially increased following the US company's decision to launch its new MD-11 aircraft.

Mr Renato Bonifacio, president of the Italian state-owned company, announced yesterday an agreement that will involve Aeritalia in producing 12.7 per cent of the MD-11 airframe.

This is more than double the Italian company's participation in DC-10 manufacturing and will be worth around \$4m (£2.8m) in revenue for each MD-11 delivered.

Aeritalia's collaboration with the US manufacturer dates from the mid-1960s and has also involved supplying components for DC-8 and DC-9 aircraft and for the MD-80 series.

Mr Bonifacio stressed that the MD-11 agreement was reached before the Italian state airline, Alitalia, decided late on Monday evening to sign a \$1.55bn letter of intent for 20 McDonnell Douglas aircraft, including the "combi" (passenger and freight carrying) versions of the MD-11.

"Alitalia undoubtedly took our agreement with McDonnell Douglas into account, but its choice was made on the basis of economic and operating criteria," said Mr Bonifacio.

Aeritalia's developing expertise in applying carbon fibre technology to aircraft fuselage panels, particularly those for use in combined passenger and freight versions, is the reason for this important step forward in its collaboration with the US company.

Officials say that for the first time, Aeritalia will have design and development as well as manufacturing responsibilities for the "Combi" versions of the MD-11.

Aeritalia is the only important Western European aerospace company to have stayed outside the Airbus consortium. It would like to join the consortium to increase its Italian company's participation in the projected A-340 programme.

Mr Bonifacio hoped yesterday that McDonnell Douglas would agree to launch the MD-11 would prompt Airbus to resume talks on a joint project with the US company. In the meantime, he made it clear that Aeritalia's involvements clearly lie across the Atlantic.

McDonnell Douglas decision puts Airbus on the spot

Europeans challenged by MD-11 commitment reports Michael Donne



Impression of what the MD-11 airliner will look like

THE DECISION by McDonnell Douglas of the US to go ahead with full-scale development and production of its MD-11 tri-jet long-range airliner, at a cost of over \$1.4bn (£970m), is likely to put pressure on the European Airbus Industrie airliner manufacturing group for an early commitment on development of its rival airliner, the four-engined, long-range A-340.

That in turn is likely to increase pressure on the UK Government for a decision on £750m of launching aid that British Aerospace, the UK partner in Airbus, has asked for to enable it to build the common wings for the A-340 and its stable-mate, the short-to-medium range twin-engined A-330.

The decision to go ahead with the MD-11 was taken by the McDonnell Douglas board in St Louis late on Monday, following receipt of a further order for six of the aircraft from Alitalia of Italy. This brought the total firm orders so far to 52 aircraft, with another 40 on option, from 12 customers, including some who have not been named.

The value of this order book is estimated at over \$5bn, more than adequate to justify the Douglas Aircraft Division of McDonnell Douglas pressing ahead with the jet.

First flight of the MD-11 is set for early 1989, with the first aircraft entering airline service in early 1990, followed by the MD-11 in an advanced, wide-cabin three-engined jet airliner designed to carry more than 300 passengers over very

long distances of up to 8,000 statute miles non-stop. Although primarily designed as a replacement for the ageing DC-10, McDonnell Douglas is planning already to extend the basic MD-11 aircraft into a "family" of jets to cover a wide variety of passenger loads and distances.

Albus Industrie is also well ahead with the preliminary planning of its own two new aircraft but has so far announced no firm orders (although both Luftwaffe of West Germany and Air France are likely to buy the A-340).

Albus is planning to build the two jets with common wings, systems and fuselages to keep down development costs. It plans to build the long-range A-340 first, for service in the early 1990s, followed by the short-to-medium range A-330.

The European group, however, is dependent upon the governments of its UK, French,

West German and Spanish partners subscribing the \$5bn plus that full-scale development of both aircraft is expected to cost.

The UK Government has been asked by British Aerospace for launch aid of up to £750m for its projected role in developing and building the wings for both new Airbus.

But the Government is understood to be reluctant to put up so much cash, especially since it is by no means convinced that the market for the A-340 justifies money being spent on its development, although a more favourable view is taken of the A-330.

The decision by McDonnell Douglas to go ahead with the rival MD-11, together with the hitherto undisclosed strength of its order book, is bound to harden the view of the Department of Trade and Industry that, before irrevocable commitments are made, further efforts

ought to be made by Airbus Industrie for a deal with McDonnell Douglas to merge the A-340 into the MD-11, while continuing to develop the A-330, in which the US company could be given some share.

Such notions find no favour with Airbus Industrie's president, Mr Jean Pierson, who remains convinced that despite the lead built up by McDonnell Douglas (including capturing orders from some airlines in Western Europe that Airbus had hoped to win), there is still a future for the A-340 in world markets.

There have been no further discussions between Airbus and McDonnell Douglas since the talks on possible collaboration on long-range jet airliners were ended without agreement last autumn.

The fact that only last week Airbus Industrie signed an agreement with the International Aero Engines consortium to fit the new IAE

Superfan engine on the A-340 has been taken as an indication of the Airbus Industrie commitment to the A-330 and A-340 programmes, and throughout Airbus there is an air of determination to make its new ventures succeed, with or without British participation.

Privately, Airbus makes it clear that the British participation in the new Airbus ventures must be total, because the use of common wings for the A-330 and A-340 makes it impossible for the British to finance and build the wings for one aircraft, the A-330, and not for the other, the A-340.

Such a situation would be impossible for the British to accept either financially, or technologically and industrially.

The only alternative would be for the UK to opt out of the new Airbus ventures entirely, leaving Airbus Industrie to find other partners to build the wings.

There is likely to be no lack of such partners. There are competent wing builders in the US, Japan and elsewhere in Western Europe who probably would be willing to come into the new Airbus ventures, and who would also probably be able to find the money.

But that would inevitably mean a considerable delay in getting the Airbus ventures rolling, leaving the market wide open in the interim for McDonnell Douglas to clean up, especially among those airlines

that already have ageing long-range tri-jet fleets, such as DC-10s and TriStars, and who urgently need to commit themselves to replacement aircraft.

For that reason, Airbus would prefer to see the UK remaining in the consortium, undertaking the wing design, development and production for both new Airbus, on which British Aerospace has already spent a considerable amount of time and much of its own money.

Indeed, BAe is regarded as now being in the forefront of airliner wing technology and is itself anxious not to lose the benefit of the expertise it has built up in this highly competitive field. That is why it is seeking the full £750m in launching aid, arguing that anything less would, in effect, prevent it from participating in the ventures.

Standing on the sidelines is mighty Boeing, watching the market closely to see what is likely to happen. Boeing argues that with the wide variety of its 747 Jumbo jet range of airliners, equipped with the long-range model of its twin-engined 737, it has available a series of aircraft capable of meeting airline needs for both long-range and high-density short-range operations.

Boeing intends to fight the competition from both the MD-11 and the A-330/A-340—indeed it was fighting against Douglas for the Alitalia contract—and says that it is not frightened of the prospective entry of Airbus into the long-range market.

W German clean-up casts doubts on plaster industry

BY DAVID MARSH IN BONN

THE PROSPECT of a white Christmas next year is already giving the West German plaster industry nightmares.

Together with environmental experts, the industry is worried about the increasing amounts of plaster, which will be produced from 1987 onwards as a by-product of strict anti-pollution controls on the country's coal power stations.

"We're working against time," says an official at the Environment Ministry of the most populous state (Land) of North Rhine Westphalia, which has the largest concentration of coal-fired power stations. "If we cannot find proper dumps (for the plaster) and we fall to find ways of using it industrially, we'll have to switch the power stations off."

The problem arises from West Germany's tough environmental regulations brought in during the last few years to clean up the air and reduce on tree-killing acid rain.

The rules require all large coal-fired power stations to reduce sharply sulphur dioxide emissions by 1988.

However, in a sense the pollution is being shifted from the air into the ground. Most gas desulphurisation plants being sited to power stations around the country use a limestone scrubbing process which creates large quantities of plaster (calcium sulphate) as a by-product.

The plaster industry, and its traditional customers in the building sector, are showing some resistance to using power station plaster rather than the natural product for traditional uses.

And environmentalists are anxious that hundreds of thousands of tonnes of plaster likely to be discharged monthly from power stations in coming years could pollute drinking water supplies.

Rheinisch-Westfälisches Elektrizitätswerk (RWE), West Germany's biggest utility and the one with the most anthracite and lignite-burning power plants, is already involved in a dispute with the North Rhine Westphalia Environment Ministry.

RWE claims that mixed with ash and other residues, plaster from lignite-burning power plants can be stored in solidified form without any danger of contaminating the water table.

The ministry is not so sure. RWE plans to bury excess plaster in disused lignite quarries but has been put on ice pending detailed examination of whether such dumps could be dissolved by water and seep into municipal supplies.

The plaster industry sells 2.2m to 2.3m tonnes of the product a year in West Germany, according to Mr Kartheinz Volkart, business manager of the plaster industry association.

This is dwarfed by the predicted amounts of 2.5m tonnes of plaster from anthracite burning plants, and 1.4m tonnes from lignite-fired stations likely to come on to the market yearly by the end of the decade.

Industry is sceptical about plans to replace the natural product by power station plaster. Mr Volkart says problems arise in meeting requirements for cement-making and other construction uses. Plaster from desulphurisation plants is likely to meet acceptance difficulties because of "public sensitivity," he says.

Bonn gleeful over economy

BY DAVID MARSH IN BONN

The West German Government is ringing in the New Year with resounding optimism over the economy designed to buttress its already sound chances of remaining in power after the January 25 general elections.

A string of confident statements over the likelihood of economic growth of between 2.5 and 3 per cent next year was followed up yesterday by another set of favourable inflation figures.

According to provisional estimates from the Federal Statistics Office, consumer prices rose 0.5 per cent in December, producing a fall of 1.1 per cent, compared with December 1985. The average price index for 1986 fell 0.3 per cent from 1985, against a rise of 2.2 per cent in 1985 over 1984.

1987



As a leading international investment bank we are looking forward to 1987's challenges.

We wish all our friends and clients another prosperous year.

Dresdner Bank

Zest for food is unabated

BY ANDREW FISHER IN FRANKFURT

THE FASHION for fitness and a shapely figure has taken hold in West Germany and many restaurants now serve allumer portions, but the overblown appetite and the bulging waistline have by no means disappeared.

In fact, many Germans now seem to have an even bigger zest for food than they did after the hard times of the post-war years had given way to the Wirtschaftswunder, or economic miracle.

Since 1962, the Allensbacher polling institute has shown people drawing of four dishes, ranging from one piece of meat and two and a half potatoes to two pieces and at least 10 potatoes, and asked them how much they thought they could eat and whether they wanted second helpings.

This year, 59 per cent of those polled (2,088 people across the country) said they could only manage one plateful. In 1962, the figure was 67 per cent. The same number as in 1962, 24 per cent opted for the smallest dish for their first, or only, helping. In the late 1960s, those with such modest appetites amounted to 34 per cent. The greedy ones going for the biggest helping totalled 6 per cent, back to the level of 1962 after a drop in between.

Allensbacher did not try to interpret its findings. But it was surprised at the "astonishing appetite" shown by West Germans in a period when hunger is hardly known in the country. Yet in a year when purchasing power has soared, helped by low oil prices and the strong D-mark, some of the excess cash has clearly been translated into extra calories.

Vertical text on the left margin containing various headlines and snippets from other parts of the newspaper.

UK NEWS

CBI forecasts accelerated growth in 1987

BRITISH ECONOMIC growth should accelerate next year, boosted by export demand and investment as well as consumer spending, according to the Confederation of British Industry (CBI).

In his Autumn Statement, Mr Lawson said he was expecting the economy to grow by around 3 per cent in 1987.

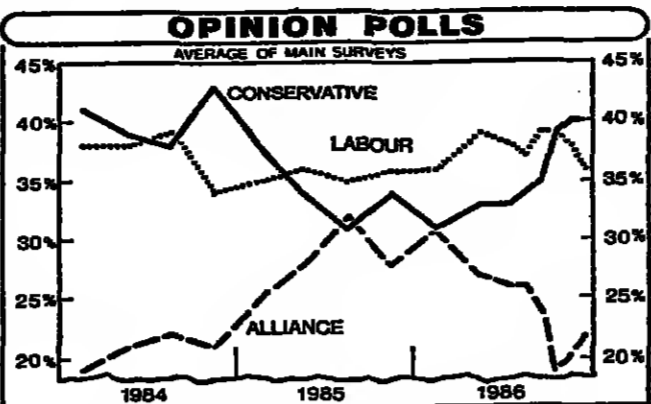
Union leaders predict a year of gloom

TRADE UNIONISTS will today receive new year messages from their leaders which paint a picture of gloom, relieved only by hope of a change of government in 1987.

The stimulating thing is that there is great unity of purpose in Scotland, a great willingness to work together to sort out our problems. That unity has been frustrated by a Government which cares more about the City of London, than industry in Scotland.

Tories get the scent of victory

EVERY POLITICAL party in the past 25 years with a clear lead in the opinion polls as the Conservatives now have over Labour has gone on to win a general election held within the following four or five months.



During the campaign could erode this margin to leave the Tories without an overall majority. Labour strategists hope that the combination of a sharper new year focus on economic and social issues, plus a pick-up in the Alliance's rating, will undermine the Tory lead and benefit them.

Party leaders step up votes campaign

MRS THATCHER and Mr Neil Kinnock, the Labour leader, last night attacked each other's policies and, in turn, attempted to set the agenda for a general election which looks increasingly likely in 1987.



Mrs Thatcher, who gave no hint of an election date in her message, said that although her government had beaten back socialism, it had not yet overcome it.



It was under socialism and claimed a "new spirit of enterprise" was gaining ground, with British companies taking on foreign competition and winning.

He said Mrs Thatcher's "reckless and shady" Government had stripped Britain of its assets, including Westland, B.I. and Avon, in its reluctance to act against City slickers and insider dealers, its waste of oil revenues, its contempt for the needy, its dotting on President Reagan and its appeasement of apartheid.

Company Notices

Advertisement for SARAKREEK HOLDING N.V. regarding the redemption of 13% debentures due February 1st, 1991. Includes details of the company and its subsidiaries.

Advertisement for GOLD FIELDS GROUP regarding the declaration of dividends for the United Kingdom currency equivalents.

Advertisement for A/S VARDE BANK regarding floating rate subordinated notes due 1994.

Advertisement for HYDRO-QUEBEC regarding the redemption of 13% debentures due February 1st, 1991. Lists various banks and agents.

Advertisement for Milk Marketing Board regarding £75,000,000 floating rate notes due 1993.

Advertisement for I.C.I. International Finance Limited regarding U.S. \$50,000,000 7 1/2 per cent guaranteed bonds 1978/92.

Advertisement for LEUMI INTERNATIONAL INVESTMENTS N.Y. regarding US\$75,000,000 guaranteed floating rate notes.

Advertisement for Personal Classified Advertisement Rates from January 1st 1987.

Advertisement for Classified Advertisement Rates from January 1st 1987, including rates for various categories.

Advertisement for SWITZERLAND regarding fly with us on our scheduled or services.

Advertisement for Rentals regarding Keith Cardale Groves, offering residential lettings.

Advertisement for SHORT AND LONG COMPLY LETS regarding near marble arch studios.

Advertisement for KENWOOD RENTALS regarding quality furnished flats and houses.

Advertisement for HENRY & JAMES regarding contact us now on furnished flats and houses.

London broking firm assists Australian shares investigation

RECENT SHARE dealing in two Australian companies conducted through Alexander's Laing and Cruickshank, the London broker owned by Mercantile House, is being investigated by Australia's National Companies and Securities Commission.

Mr Robert Dowdall, compliance officer at Alexander's, said in London last week that the firm had done nothing wrong but was simply assisting the commission in its inquiries.

Industry Year a 'flop'

INDUSTRY YEAR 1986 has been, not to put too fine a point on it, a flop, according to a market research report released yesterday.

As far as the general public is concerned, it has singularly failed, the Association of Market Survey Organisations (ASMO) says in its report.

Financial Times Conferences

The Second FT Defence Conference London - January 29 and 30, 1987. Following its highly successful SDI Conference held just a year ago, the FT now announces its second defence forum.

The Fourth FT City Seminar London - February 6, 9 and 10, 1987. The FT City Seminar was organized twice in 1986 and on each occasion achieved maximum capacity attendance.

Cable Television and Satellite Broadcasting London - February 18 and 19, 1987. The Financial Times Fifth Cable Television and Satellite Broadcasting Conference will bring together speakers from the main European markets.

The Financial Times Conference Organisation Munster House, Arthur Street, London EC4R 9AX. Tel: 01-621 1355 (24-hour answering service).

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Handwritten note: لا يجوز

UK NEWS

Telephone may open up MP's debates to world

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT
DAILY PROCEEDINGS in the House of Commons could be broadcast by telephone to the British public as early as next summer.

Securities firm admits possible law breach

BY Nick Barker
SMITH NEW COURT, the London securities dealer, says it may have broken company law with a big financial incentive scheme for its directors.

Morgan Grenfell bombshell hits hard

WITH ITS dramatic statement last night, Morgan Grenfell has lobbed a bombshell which will wreak damage well beyond the confines of its elegant City of London headquarters in Great Winchester Street.

David Lascelles

At the very least, this would be contrary to the Takeover Code, and Morgan's position is that Mr Seelig had been given no authority by his superiors to enter into indemnity arrangements.

Private house building at 13-year peak

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT
PRIVATE house building in Britain is at its highest level since 1973 according to National House-Building Council (NHBC) figures published yesterday.

Smith New Court is the parent company of Smith Brothers...

The deal in April 1985 was intended to match big financial incentives offered by other City institutions at a time of cut-throat competition for experienced securities traders.

Advertisement for SAA (South African Airways) titled 'SAA The No.1 choice.' Includes an image of an airplane and a list of destinations and flight times.

Advertisement for Sandeman Founders Reserve Port titled 'SANDEMAN FOUNDERS RESERVE PORT NO LONGER RESERVED TO THE ENGLISH.' Includes an image of a man in a hat.

Advertisement for Gutehoffnungshutte Overseas N.V. offering U.S.\$25,000,000 7 3/4 per cent. Guaranteed Bonds 1981/88.

S.G. Warburg & Co. Ltd. announce that the redemption instalment of US\$3,125,000 due 1st February, 1987 has been met by purchases in the market to the nominal value of US\$60,000...

A large table containing a list of bond numbers and their corresponding values for the S.G. Warburg & Co. Ltd. advertisement.

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Vertical text on the left edge: 'comedy December... on broking firm... its Australian... investigation... ERWELL IN SYDNEY AND CLIVE WILSON...'

Vertical text on the left edge: 'financial Times... conferences... second FT Defence Conference... January 29 and 30, 1987...'

Vertical text on the left edge: 'television and Satellite Broadcasting... February 18 and 19, 1987...'



THE ARTS

Television in 1986/Christopher Dunkley

A memorable year for the BBC

In 1987 Michael Gambon, one of the best actors in Britain, will appear in A View From The Bridge at the National Theatre. Several thousand people—possibly even tens of thousands—will attend. Good or bad, the production will have much written and spoken about it. Large companies will buy seats for the entertainment of foreign visitors. The fact that each seat, costing many pounds, will have to be subsidised will not cause much worry, nor will the fact that the play is 30 years old, was written by an American, and has been performed many times before.

Members of the cultural establishment, whether on the Arts Council, in the political world, or anywhere else, will know about the production and will discuss it. If it is good, tickets will be hard to get and a virtuous circle of scarcity and talk, talk and scarcity will give rise to the sort of celebrity status currently enjoyed by Les Liaisons Dangereuses.

At the end of 1986 Michael Gambon gave an astounding performance in The Singing Detective, an original six-part drama written for television by Dennis Potter. About eight million people watched each episode of this brilliantly original work, material of a sort which has not been equalled anywhere else in the world. The cost to each viewer was negligible; a few pennies at most. The cultural establishment ignored it, the political world scarcely acknowledged its existence, and the organisation which had the guts, the vision, and the talent to produce it—the BBC of course—spent 1986 suffering a succession of attacks from the government and the Conservative Party.

My year-end with the Prime Minister himself chairing the joint committee of the Home Office and Department of Trade to discuss the future of broadcasting, it seemed pretty clear that the Thatcherites would only too eagerly accept the BBC driven to the margins of the broadcasting business and reduced to the status of infiller, merely stuffing the gaps between the profit-making programmes turned out by commercial companies.

Over the years we have grown used to the philistine attitudes of top-ranking politicians, whatever the flavour of their politics. You might have thought, however, that even if the Thatcher faction had no feelings for the arts and cut-downed patriotic and hard-headed monetary policies would make them value British television very highly indeed. In the late eighties bow many other British industries can claim to get standards acknowledged by other countries as the highest in the world for both technique and content; to be expanding already and preparing for more rapid expansion; and to be providing a service to the public which is liked so much that Britons spend, on average, 27 hours a week with it?

Of course there was, once again, a lot of rubbishy material produced by the television industry in 1986, just as there was by the newspaper, music and book industries but it is some indication of the vitality of television that even when a year is as packed as 1986 was with newsworthy events—the appearance of the Peacock Report, Norman Tebbit accusing the BBC of "unneutral carriage

of Libyan propaganda," BBC Television's 50th birthday and the awarding of a licence for a new television service delivering five channels direct from satellites—it is still the excellence of so many of the programmes which seem most memorable. In programme terms it was a particularly good year for the BBC. Not only did they follow up their 1985 triumph with Edge Of Darkness by once again producing the year's best drama serial in The Singing Detective, they were also responsible for much of the larger part of the other outstanding drama during the year. Some of it was utterly conventional: BBC's excellent adaptation of Kingsley Amis's That Uncertain Feeling, for instance, with Dennis Lawson and Sheila Cish

Of A She Devil (BBC) we had devilish red eyes and a script so far-fetched as to be quite obviously unrealistic. And Smart Money (BBC1) exploited the grammar of the pop video and the images of computer games to tell its story of teenagers hacking into the Stock Exchange computer. The best single drama of the year, however, was The Insurance Man (BBC2) a work in which Alan Bennett pretended to be writing about Kafka and actually wrote once again, about the self-serving cynicism of office life. Unusually one of the most impressive drama offerings of the year, and of the decade, came from abroad: Heimat, from Germany. Even this was shown by the BBC. In its captivating episodes it told the

emerged from the BBC drama department: A Very Peculiar Practice in which Andrew Davies showed us a group medical practice on an English university campus where conditions reminded you by turns of Beirut and a banana republic. British situation comedy continued to jog slowly in circles as it has for some years, and the Americans continued to set the pace, though scarcely the most lively we have ever seen. The Golden Girls on Channel 4 was the best sitcom of the year and, as so often with previous series (Till Death Do Us Part, All In The Family, Soap) what counted was a willingness to deal head-on with contemporary social issues, in this case feminism and ageing populations.

However, if comedy was in a trough, tragedy—television's other great favourite—was on a peak. The Queen's 60th birthday in April produced an orgy of coverage which, despite the saviour of its adulthood, proved to be one of the great highlights of the main performance: the splicing of Andy and Fergie in July. This event, covered of course by both BBC and ITV, seems to have attracted a British audience of about 23m. Yet ironically the best programme by far about the British royal family in 1986 proved to be German: Rogally, which was shown on Channel 4. It did what British television has astoundingly never done: shown, in a series of documentaries, what the British royal means constitutionally, historically and socially.

Other memorable documentary series included BBC's Comrades which straddled 1985 and 1986 and told us a remarkable amount about the lives of the Russians. The English Stage, also on BBC, whose opening episode was so important that it was shown on Channel 4, was a series of four documentaries which explored and espoused a specific political philosophy and one, moreover, which could only be described as right wing; it explored the phenomenon of up to date, and more specifically, at least two fundamental aspects.

As the year ends the two most promising series are Equinox—Channel 4 again—which is dealing with science and technology in a way that is neither condescending nor in the least patronising; and Granada's mammoth long-term undertaking Man And Music which could turn out in the end, to be as significant as Civilization.

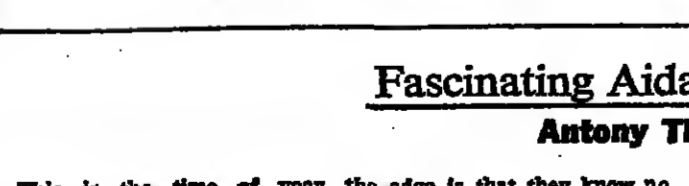
Though famous for being presented by Kenneth Clark, Civilization, the most powerful television series in the crown of Sir Huw Wheldon, the greatest actor/manager figure ever to have been responsible for BBC Television. Wheldon was one of those on a sad list of memorable television personalities who died in 1986.

Others include Dandy Nichols, the "silly old moo" (and for some of us the true star) of Till Death Do Us Part; Grace Wyndham Goldie, probably the most powerful woman ever to work for the BBC; Derek Hart, one of the "Children of Grace" who presented Tonight; Pat Phoenix of Coronation Street; Stuart Green, chairman of the BBC; Bill Simpson who took the spongy role in Dr Finlay's Casebook; and Howard Thomas whose career spanned the BBC (he invented The Saturday Night Show) and ITV (he created Thames Television).

The 1986 wooden spoons go to Scott Free for its embarrassingly stilted script; World Cup 86 for its embarrassing hype; and The River Gods for its embarrassing plain and simple. But what do those sort of spoons matter in a year which has brought us Heimat and—the most inventive, expressive and superbly well acted piece of work that I can remember seeing in any medium—The Singing Detective? Not at all.



Michael Gambon in "The Singing Detective"



Marita Breuer and Karin Klenzer in "Heimat"

Fascinating Aida/Elizabeth Hall

Antony Thornicroft

This is the time of year when we bow the knee before our national institutions and there was a packed South Bank audience for perhaps our newest—Fascinating Aida. In less than four years this trio of awfully nice young ladies has built up a fanatical following for its larkly songs so firmly in the tradition of English intimate revue. The fact that the arch fascinator, Dillie Keane, is less than four years from the arch Denise Wharmby, picked up in Sydney last summer to replace the vivacious Marilyn Curtis. She starts slowly, but by the time for her big solo, the Lehar pastiche, "The Merry common law wife," is at full throttle, and sweetly balances

Opera in 1986/Max Loppert

Thrills abound against all odds

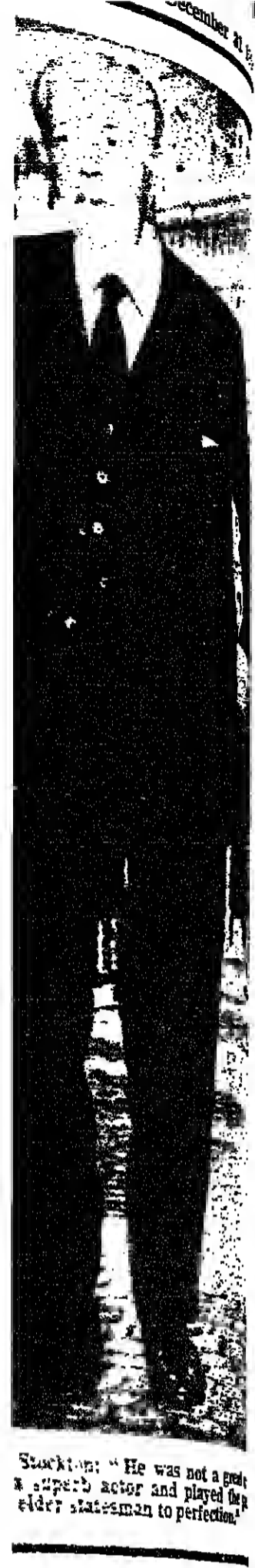
The good news of 1986 is that opera continued to be one of the things this country is capable of doing really well. The classical world, which is the only one that still has the capacity for greatness and growing greater all the time—and the attitude of the current Government toward public subsidy of the arts is perhaps the greatest of the lot. Yet at least four events in different parts of the island brought that thrill of electricity that only seems to be generated when work, performance, time and place chime in a new and specially revelatory way.

perfect but zestful new Cosy/Pop, the return of David Pountney's brilliant Ovid. I thought the budget Rossini Moses a fair horror, and Pountney's rubbish-drama Carmen a load of well, rubbish (the only amusement to be gained from the whole affair was the Houdini-like self-censorship of the Spectator critic in his attempt to justify pleasure in something so irredeemably tedious). In Voltaire fashion, I disapprove of Mr Pountney's more erratic encounters with 19th century opera, but I will defend to the death his right to have them. And that goes for the whole company.

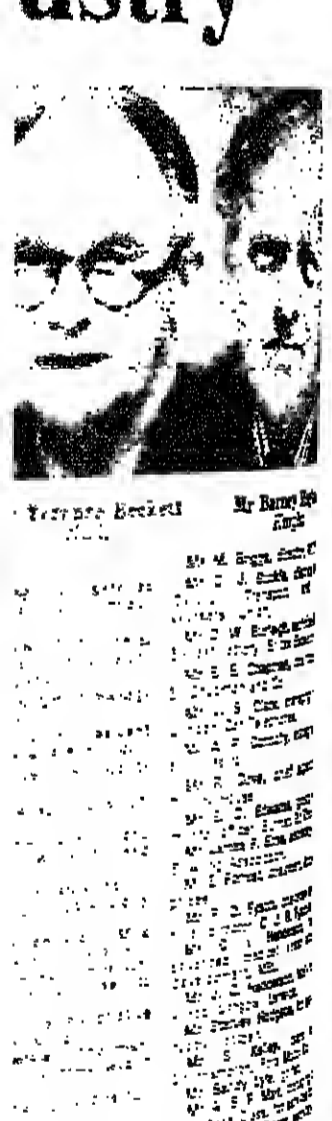
Further afield, I sampled opera in the arenas of Nimes (Verdi's Cosmo, a rarity done with unusual delicacy and economy) and Verona (La favola del nest on an enjoyable broad scale, the much-touted Aida production at its heaviest and dearest). For Salzburg Krzysztof Penderecki contrived, in all senses, a sensational bit of operatic poekery in the form of Die Schwerköcher; it was a tadwary piece, but the main part was written to give Josephine Barstow a dazzling triumph. 1986 was one of the finest years at Wexford: three works ranging from the slightly to the medly neglected —Tancredi, Mignon, Humperdinck's Königskinder—and three small miracles of Wexford's conjuring art. I was invited to see the premiere of Christina by the young Hans Gefors, and found his new, perhaps even a significant voice on the scene, very rewarding to encounter.

Mozart festival planned

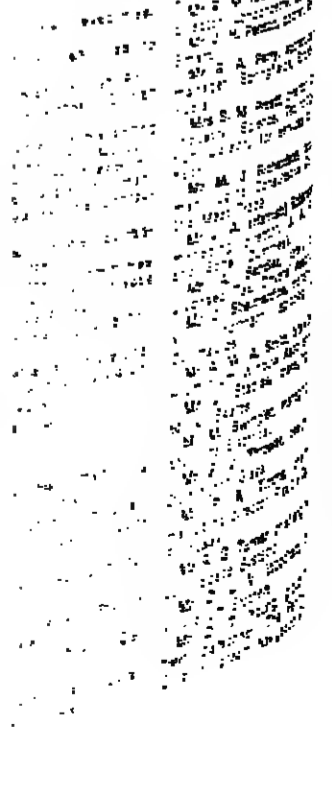
DG Archiv Produktion is to record each opera, the provisional order of performance being Idomeneo, La Clemenza di Tito, Die Zauberflöte, Die Entführung aus dem Serail, Le Nozze di Figaro, Don Giovanni ending in 1988 with Così fan tutte.



Stockport: "He was not a great actor and played the elder statesman to perfection."



Mr. Burt: "He was not a great actor and played the elder statesman to perfection."



Mr. Burt: "He was not a great actor and played the elder statesman to perfection."







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## New York heralds 'archaic' British honours

By Michael Cassell, Parliamentary Correspondent, in London

THE BEGINNING of a new year in Britain signals the announcement of a fresh list of royally bestowed honours under a system which, its critics claim, is archaic, elitist and increasingly abused. Supporters insist it remains a highly respected and much-loved tradition.

Twice annually, on the occasion of the Queen's official birthday and at the new year, the London Gazette announces that Her Majesty Queen Elizabeth II has graciously pleased to confer a range of honours on distinguished citizens of Great Britain and its overseas territories.

The list embraces first, second and third-class honours in numerous award categories and range from life peerages to British Empire Medals. But despite the air of royal pomp and patronage surrounding their announcement, the honours are not compiled by the Queen but by the office of the Prime Minister of the day.

Anyone can put forward nominations for inclusion on the list, and all candidates are vetted by a special office under the Prime Minister's authority. The Queen formally approves the list, and either she or a member of her family will, later in the year, personally bestow the honour upon the recipients.

Today, nearly 900 people from all walks of life have been honoured. Many have been included by virtue of little more than their long service, often in ministerial departments or other branches of the Civil Service. Board members of nationalised industries and other state undertakings can, in addition, usually be expected to receive an honour during their period of appointment.

Mrs Margaret Thatcher, the Prime Minister, has, in contrast to some of her predecessors, been an enthusiastic advocate of the use of political honours to reward those who have helped her and her party. Each new list inevitably includes a handful of solid, respectable Conservative MPs who might have fallen victim to Mrs Thatcher's ministerial reshuffles but who still apparently warrant an eventual accolade. Party faithfuls who help organise the Conservative machine around the country are also regularly included in the honours.

Few prime ministers since Lord Stockton, who died on Monday, have used the honours system so regularly as the current incumbent to hand out politically earned baubles. Lord Wilson, the former Labour Prime Minister, is considered to have brought the system into further disrepute with a resignation honours list which was widely criticised.

Only after repeated approaches from several prime ministers did Lord Stockton - previously Mr Harold Macmillan - eventually accept his hereditary peerage. While some refuse, however, others who might normally expect to be approached are still waiting - clearly saying the price for offending those who decide such things.

Today's list includes both politicians and civil servants and some of the actors who portray them on television.

The financial and business community is well represented. There is a knighthood for Mr Bernard Ashley, chairman of Laura Ashley and, with his late wife, co-founder of the publicly quoted fashion manufacturer. Retailing group which now has over 200 shops in the UK and overseas.

Other knights include Mr Mark Weinberg, chairman of Allied Dunbar, the life assurance and unit trust group. Mr Weinberg, a pioneer of unit-linked life assurance, is deputy chairman of the Securities and Investments Board.

In the sporting world, Mr Frank Williams, the racing car constructor is made a CBE.

Details, Page 6

## Brussels seeks wider bids for state contracts

BY WILLIAM DAWKINS IN BRUSSELS

THE European Commission has launched proposals to open up public works contracting at all government levels to freer competition between companies in different member states.

The plan affects activities - such as the construction of roads, hospitals and other major public projects - estimated to account for 9 per cent of the EEC's gross domestic product. It follows an agreement earlier this month by EEC industry ministers to expose public supplies purchasing to more open competition and represents the first attempt at liberalising public works procurement in the Community for 15 years.

It sanctioned by the Council of Ministers, the new rules would significantly tighten the existing procurement directives, which have only been followed very loosely by purchasing authorities. "This is one area where there has been an enormous gap between theory and practice," a Commission official said yesterday.

Existing public works regulations govern the amount of advance publicity given to public construction projects and lay out tendering procedures. These would be extended under the Commission's proposals to associated services such as financial promotion and design and works management.

The Brussels authorities are also proposing that the threshold at which public authorities must seek at least three tenders and guarantee equal opportunities for tenders from the member states should be reduced from an Ecu 1m (\$1.065m) contract value to Ecu 700,000. There should be stricter controls over cases where purchasing authorities would be allowed to take bids from only one contractor, says the plan.

To make it easier for contractors in one member state to apply for work elsewhere in the Community, contracting authorities would have to use EEC standards where they exist. Differing technical specifications constitute one of the most serious barriers to free trade in procurement within the EEC, the Commission's proposal points out.

Public authorities, the plan envisages, would be obliged to explain to failed bidders why they were turned down and - on request - justify their choices to the Commission. It also suggests that broad details of future projects should be published between six months and one year tendering begins.

The plan, which forms part of the EEC's policy of working towards the creation of a free internal market by 1992, aims to increase the credibility of the Community's efforts to break down the psychological reluctance of traders, industrialists and, more particularly, small and medium-sized enterprises to bid across frontiers for public work contracts," says the Commission. Officials are now working on public purchasing directives for energy, water, transport and telecommunications,

is controlled by the LDP, is expected to approve the budget before the 1987 fiscal year begins on April 1.

Mr Yasuhiro Nakasone, Prime Minister and leader of the LDP, was yesterday quoted as saying that the decision "could not be helped in order to improve the capability and labour conditions" of the defence forces. The Kyodo newsagency said that, when Mr Nakasone was asked if the new budget would invite accusations that Japan was militarising, he replied: "There is no possibility that the country would become a military power."

Military spending is a sensitive issue in Japan, where a constitution adopted after the Second World War bans war as an instrument of foreign policy. The Cabinet set the 1 per cent ceiling in 1976 in response to criticism that military spending was increasing rapidly. The ceiling has been adhered to by all Japanese governments since then. However, the US, which has a de-

fence treaty with Japan and stations about 61,000 troops in the country, has been urging that Japan's defensive strength be increased more rapidly. In Washington, Mr Caspar Weinberger, the US Defence Secretary, welcomed the planned budget increase.

Japanese opposition parties, however, and some of the country's Asian neighbours, many of which were occupied during the war, have expressed fears that Japan will re-emerge as a military power.

"Releasing this brake means not only that the Nakasone Cabinet is trumpeting over a self-imposed pledge, it is a rash act that greatly deviates from the principles of the peace constitution," Mr Takako Doe, Socialist Party Leader, said yesterday.

Mr Mitsuhiro Kaneko, Communist Party chairman, issued a statement denouncing the decision as "an unforgivable rash act" and said it was "Nakasone's declaration towards a large military expansion."

low-cost long-distance companies and has been recapturing some of its lost market share.

The FCC ruling will cut long-distance telephone bills by \$1.65bn, against the \$1.2bn reductions proposed by AT&T. After the new rates are implemented, long-distance rates will have dropped by 30 per cent since the breakup of the Bell system in 1984, the FCC said. The Consumer Federation of America, in a separate report published on Monday, estimated that total telephone charges, including local calls, had risen by 20 per cent since 1984.

AT&T's shares fell 5% to \$25 after yesterday's FCC announcement while MCI declined 4% to \$6 and United Telecommunications gave up 3% to \$23.

## New York court case reopens racial divisions

By James Buchan in New York

When in the years ahead brokers look back on 1986 their hazy recollections may be of a halcyon summer before war - a bull market raging while the abolition of fixed stock exchange commissions approached.

But long before Big Bang, something went wrong in the US markets. Both equities and gilt-edged stocks peaked in April. Since then the narrower equity indices have repeatedly failed to break through their highs, although the All Share index is celebrating the new year by cracking its April record. Gilt is ending the year on yields not much lower than they started.

All year the market has been struggling to decide whether the fall in oil prices in the early months, was good or bad news. The consensus in London at first, as on Wall Street was "good". Brokers' profit forecasts were increased as cheap energy, and a coming election seemed to promise economic expansion without the usual attendant of rising inflation.

The equity market also drew on the strength of corporate cash flow and the hope that dividend rises would be in double figures. At the same time, the betic takeover activity which had contributed to the previous year's market strength, continued in the new year.

The gilt market initially shrugged off the less good effects of a lower oil price - weaker sterling and lower tax revenues - and followed the rally in the US bond market. Interest rates were coming down both in the UK and around the world as finance ministers struggled to correct trade imbalances and suppress exchange rate swings.

Why then did the markets' head-long upward rush falter? The simple answer advanced in the late spring was that they had risen too far, too fast. Expectations had been overblown and the p/e ratio on equities had reached unsustainable levels. When the multiple on the industrial index reached 17 times historic earnings too quite logical although at the time unexpected, developments followed.

Comanics realised that raising equity finance was making it more difficult to attract money and that takeovers were overly expensive.

Investors' ability to absorb new stock was sorely tried as the vol-

charge of reckless endangerment. The decision was greeted by shouts of "injustice," and Judge Bianchi ordered the court to be cleared of some 60 black protesters.

Late on Sunday evening, a white man in the neighbouring borough of Brooklyn was attacked by around a dozen black men chanting "Howard Beach," police said.

The incident has reopened divisions between blacks and some working-class residents of Italian and Irish origin in Brooklyn and Queens. Mr Ed Koch, the Mayor of New York who has compared Mr Griffith's death with an old-style lynching in the deep south, was shouted down when he attempted to mediate at a white Roman Catholic church in Howard Beach on Sunday.

The Queens Criminal Court heard on Monday how a group of young whites had been summoned from a party to accost the three blacks, whose car had broken down and who were waiting in a nearby pizzeria. Police say the victims were beaten with baseball bats.

In seeking to bring more serious charges, the Queens District Attorney, Mr John Santucci, is demanding the return of Mr Griffith's stepfather, Mr Colin Sandford, to testify on his lawyer's advice.

Mr Sandford's lawyer has contended that the driver of the car was an accomplice of the white youths, which the police dispute.

The auditors said that income totalling SKr 194m had been incorrectly booked in the accounts for the first eight months. An additional SKr 150m had been included in the forecast profits of SKr 700m for the full year sales of technology, which will also not be carried out.

Under one item, Fermenta was said to have entered a technology sales agreement with a Mexican company, Fermie, in 1985 for SKr 50m. Payment did not come in during 1985.

Part-payment was received apparently from Fermie earlier this year, but Mr al-Sayed has now admitted that the payment came from the proceeds of the loan taken from Arbuthnot Latham via the Swiss bank account.

## Japanese Government approves 5% rise in defence spending

BY WILLIAM DAWKINS IN BRUSSELS

THE Japanese Government yesterday approved a budget plan for fiscal 1987 that would for the first time allocate more than 1 per cent of the country's gross national product (GNP) for defence, agencies report from Tokyo.

Approval came at a special Cabinet meeting following marathon negotiations between the Finance Ministry and other ministries and agencies pressing for restoration of funds cut in various budget areas.

The ruling Liberal Democratic Party (LDP) yesterday defended its decision, but opposition leaders criticised the move as "rash."

LDP leaders agreed late on Monday to increase the 1987 military budget by 5.2 per cent to 3.52 trillion yen (\$21.9bn) to buy more military aircraft and expand the number of military personnel. The figure represents 1.04 per cent of GNP against the 0.993 per cent of GNP represented by defence spending this fiscal year. Parliament, which

is controlled by the LDP, is expected to approve the budget before the 1987 fiscal year begins on April 1.

Mr Yasuhiro Nakasone, Prime Minister and leader of the LDP, was yesterday quoted as saying that the decision "could not be helped in order to improve the capability and labour conditions" of the defence forces. The Kyodo newsagency said that, when Mr Nakasone was asked if the new budget would invite accusations that Japan was militarising, he replied: "There is no possibility that the country would become a military power."

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low-cost long-distance companies and has been recapturing some of its lost market share.

The FCC ruling will cut long-distance telephone bills by \$1.65bn, against the \$1.2bn reductions proposed by AT&T. After the new rates are implemented, long-distance rates will have dropped by 30 per cent since the breakup of the Bell system in 1984, the FCC said. The Consumer Federation of America, in a separate report published on Monday, estimated that total telephone charges, including local calls, had risen by 20 per cent since 1984.

AT&T's shares fell 5% to \$25 after yesterday's FCC announcement while MCI declined 4% to \$6 and United Telecommunications gave up 3% to \$23.

## AT&T told to cut long-distance telephone rates by 11 per cent

BY ANATOLE KALETSKY IN NEW YORK

AMERICAN Telephone & Telegraph has been ordered to reduce its long-distance telephone rates by an average of 11 per cent from January 1, the Federal Communications Commission announced yesterday.

The FCC decision goes well beyond the 7.1 per cent rate cut which AT&T itself proposed to the agency in November. It was not, however, viewed as a serious setback for the giant telecommunications company, which earlier this month announced a large reinvestment programme involving \$3.2bn of financial write-offs and the loss of 27,000 jobs.

AT&T's long-distance earnings, unlike those of its smaller competitors, are subject to a regulatory limit on the rate of return. During the first nine months of this year, the company had a rate of return of around 16 per cent from its long-distance operations, compared with the federally mandated ceiling of 12.75 per cent. This limit is due to be reduced to 12.2 per cent in 1987. If the company continued to enjoy earnings well above these limits, it would eventually have to pay refunds to consumers.

The biggest impact of long-distance rate cuts may therefore fall not on AT&T itself but on its main competitors - MCI Communications and US Sprint, which is a joint venture of GTE Corporation and United Telecommunications. AT&T has recently pursued a policy of more aggressive price competition against

low-cost long-distance companies and has been recapturing some of its lost market share.

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## Pressure on franc

Continued from Page 1

Continued from Page 1  
 over moving the intervention rate from its present 7.25 per cent had already secured an improvement in the currency markets.

The Bank of France's new system of money market intervention has only been in place for a month, but already it has been put to the test.

The more sensitive seven-day rate has been raised by a full point, lowered in two stages and now raised again, while the intervention rate was raised by a quarter of a point two weeks ago.

Mr Francois Lavonnes, the mediator in the rail dispute appointed by

the French Government on Monday, announced that the controversial plan to link pay scales more closely to merit would not be implemented before January 1 1988.

Trade unions insisted, however, that the plan would have to be withdrawn altogether.

Mr Lavonnes - whose official mission is to arbitrate only on the plan to introduce merit-linked pay scales and not on the other issues of working conditions or on pay levels - said he would contact the unions today.

## Fermenta says 1986 profits 'wiped out'

Continued from Page 1

forced withdrawal of Mr al-Sayed. The dramatic reversal in Fermenta's fortunes, which has sent shock waves through the Swedish industrial and financial establishment, has triggered at least four current investigations into the group's affairs including a criminal investigation by the public prosecutor, an investigation of possible insider trading in the company's shares by the banking inspectorate, and an investigation by auditors appointed by the stock exchange.

Trading in the company's shares has been suspended since December 15, when the latest storm around Fermenta broke with an announcement from the board that the group's external auditors had discovered irregularities in the company's accounting which could virtually wipe out the entire reported profits for the first eight months of SKr 353m.

Yesterday, Fermenta said that it had been forced to lower its interim profits for the first eight months to only SKr 150m, but for the full year, profits would drop to only SKr 40m as a result of the introduction of more cautious accounting for goodwill and research and development costs, as well as write-offs, cautious treatment of debts and depressed operating results.

According to a report from Fermenta's external auditors, items in the accounts totalling around SKr

500m have been under investigation.

The auditors said that income had wrongly been booked in the first eight months' accounts for transactions that had not been completed.

According to their report, Mr El-Sayed had admitted that a loan for \$15m (SKr 105m) taken by Fermenta at the London bank, Arbuthnot Latham (now a subsidiary of Nordbanken, the Swedish bank), was paid into a Swiss bank account and was used directly or indirectly to pay off Fermenta receivables.

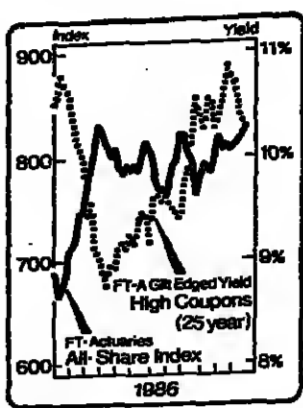
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## THE LEX COLUMN

# Look back in anguish



at the start of the year. The money supply was awarded first place in the list of reasons for concern among economists and foreign exchange dealers.

They proved much less willing than the UK authorities to watch with equanimity above-target monetary growth, boosted by the consumer boom. The effects on inflation have yet to be assessed while the deterioration of the balance of payments now looks set to result in a deficit for the year.

The severity of the pound's fall has been disguised by the weakness in the US dollar. The flight from that currency into yen and D-Marks has passed sterling by, and although the one percentage point rise in base rates in October eventually seemed to have settled the exchange rate, the pound has suffered the full effect of lower oil prices as well as relatively loose monetary conditions.

## Sterling

Given such a weight of adverse factors, the surprising thing is perhaps that the equity market has held up so well rather than that it failed to continue rising.

Sterling's apparent stability, the limited rise in interest rates, a resumption of bid activity and decline in rights issues, have helped. The two big new equity issues have been successfully negotiated and the Government's standing in the opinion polls has recovered from a dip in the summer.

The market can again pin its hopes on tax cuts in the spring budget to boost the economy further, despite the Chancellor of the Exchequer's warnings to the contrary. And forecasts that profits growth in 1986 will turn out at around 20 per cent for the industrial index can be held to justify the high multiple of April. The difference is the new acceptance that a recovery in oil prices is desirable which coincided with the December Opec agreement. The oil sector which had performed poorly in the early months has ended the year ahead of the market as a whole.

The year has ended not with the bang but the whisper as insider dealing scandals have spread and past takeovers are re-examined. Whether the resulting investigations are a more than transitory depressant on the market is a question for 1987.

# Oppenheimer

## Latest performance Two years to 1st December

Trust	Percentage increase in value	Position in sector
European	+166.0	3rd
Pacific	+80.8	6th
Worldwide Recovery	+76.8	6th
International	+76.8	7th
UK	+72.0	21st
Income & Growth	+62.3	7th
Practical	+60.0	1st
Japan	+52.1	29th
High Income	+49.9	8th
American	+31.0	17th

Source: Phoenix Group, offer to bid, income review 12/12/86.

Recently International Growth has been most popular with financial advisers. It is an actively managed fund that can seek out growth opportunities worldwide.

If you would like further details on International or any of our range of funds please telephone us on 01-489 1078 or write to Oppenheimer, 66 Cannon St., London EC4N 6AE.

A member company of the Mercantile House Group.

## World Weather

Area	Temp	Wind	Cloud	Pressure
America	12-18	12-18	12-18	1015
Europe	10-16	10-16	10-16	1010
Asia	15-20	15-20	15-20	1015
Africa	18-24	18-24	18-24	1010
Australia	22-28	22-28	22-28	1015
South America	12-18	12-18	12-18	1010
Oceania	15-21	15-21	15-21	1015
Antarctica	-20 to -60	10-20	10-20	1010
Middle East	18-24	18-24	18-24	1015
Japan	15-21	15-21	15-21	1010
India	18-24	18-24	18-24	1015
Russia	10-16	10-16	10-16	1010
Canada	10-16	10-16	10-16	1015
USA	12-18	12-18	12-18	1010
UK	10-16	10-16	10-16	1015
France	10-16	10-16	10-16	1010
Germany	10-16	10-16	10-16	1015
Italy	10-16	10-16	10-16	1010
Spain	10-16	10-16	10-16	1015
Portugal	10-16	10-16	10-16	1010
Greece	10-16	10-16	10-16	1015
Turkey	10-16	10-16	10-16	1010
USSR	10-16	10-16	10-16	1015
China	10-16	10-16	10-16	1010
Japan	10-16	10-16	10-16	1015
India	10-16	10-16	10-16	1010
China	10-16	10-16	10-16	1015
Japan	10-16	10-16	10-16	1010
India	10-16	10-16	10-16	1015

Weather at midday yesterday.  
 C-Clearly B-Partly F-Fog P-Fog S-Showers T-Thunder  
 S-Sun S-Snow Dr-Drizzle T-Thunder

## Morgan Grenfell director resigns

Continued from Page 1

which aroused controversy. However, Morgan Grenfell said last night that his resignation did not relate to any share dealings that he had carried out on his own account.

Several Morgan Grenfell clients, including Storehouse (formerly Habitat-Mothercare), and Underwoods, the retail pharmacist, appointed him as a director on their boards. He has not resigned any of these positions.

Meanwhile, Guinness yesterday consulted its lawyers on the implications of the news released yesterday that £7.5m from a Guinness account was used to buy its own shares. But it refused to make any further statement.



INTERNATIONAL COMPANIES and FINANCE

JAL state share sale set to bring in \$1.82bn

By Our Financial Staff THE END of effective state control at Japan Air Lines took a step closer to fruition yesterday...

Among developed countries Yugoslavia significantly extended its maturities through a debt rescheduling and New Zealand's profile also lengthened...

BIS REPORT ON INTERNATIONAL LENDING

Marked shift to longer maturities

BY ALEXANDER NICOLL

RESCHEDULING of developing country debts helped to produce a substantial lengthening in the maturities of international bank loans in the first half of 1986...

the second half of 1985, the increase was more than offset by a reduction in loans to developing countries.

However, bank lending to these two countries, and to Brazil, declined although the BIS says lower lending to developing countries reflects not only the non-renewal of maturing loans but also write-downs...

France lists 13 groups as primary dealers

BY GEORGE GRAHAM IN PARIS

THE FRENCH finance ministry has named 13 groups as primary dealers in the Paris Treasury bond and bill market.

The spreads between buying and selling prices have already narrowed significantly in France as a wave of reforms began by the last Socialist government...

The list includes the four leading state-owned commercial banks—Banque Nationale de Paris, Credit Lyonnais, Societe Generale and Credit Commercial de France—as well as the major state financial companies Caisse des Depots and Credit Agricole.

This list is completed by two consortia, Financa Contreparties, a market maker jointly owned by Le Guay Massonnet and Dumenil...

Decline in car registrations hits Cycle and Carriage

BY OUR FINANCIAL STAFF

CYCLE & CARRIAGE, the Singapore car distribution and trading group, said that after-tax loss in the year ended September 1986 was \$2.5m.

ing loss of \$27.5m compared to a loss of \$2.5m. Contributing to the widened after-tax loss was depreciation on fixed assets, which increased to \$86.2m from \$35.2m.

companies brought in a profit of \$87.5m. The group reported an extraordinary loss of \$2m, compared with a profit of \$820,000, and however, that restructuring profit next year.

and Malaysia forced the group to undergo restructuring and to lay-off workers. Cycle added, should bring the group back to profit next year.

Continental Illinois bailout cost put at \$1.39bn-plus

BY ANATOLE KALETSKY IN NEW YORK

CONTINENTAL Illinois, the Chicago bank holding company which was effectively taken over by the Federal authorities in 1984 in the largest bank rescue in US history, has revised upwards its projections of the ultimate costs of the bailout operation.

declines in the quality of Continental's energy loan portfolio. However, a partially offsetting factor has been the steep decline in market interest rates this year.

The FDIC, which has set aside a reserve of \$1.3bn to meet the ultimate costs of the Continental rescue, said that it would be making its own independent estimate of the losses.

What does seem clear is that the original shareholders in Continental Illinois will ultimately lose almost the whole of their investments, since the FDIC has an option which will effectively value the whole company at less than \$10,000 if the losses on the assumed loans eventually exceed \$800m.

This company issued this week its latest estimates of the losses on the \$2bn worth of dubious loans which it had transferred to the Federal Deposit Insurance Corporation. The range of losses is now put at \$1.39bn to \$1.71bn, depending on the interest rate which the FDIC has to pay to the Federal Reserve system on the \$3.5bn of Continental's Fed borrowings which the FDIC took over as part of the rescue package.

Based on a central interest rate assumption of 8 per cent, the FDIC's losses would be \$1.56bn, up from an estimate of \$1.24bn made a year ago, which also assumed an 8 per cent interest rate. The difference between the two figures is due primarily to the continuing

decline in the quality of Continental's energy loan portfolio. However, a partially offsetting factor has been the steep decline in market interest rates this year. Thus the rate actually paid to the Federal Reserve Bank of Chicago by the FDIC in the third quarter of 1986 was only 3.6 per cent. This suggests that the lower end of the loan loss estimates—\$1.39bn on the assumption of a 5 per cent interest rate—could yet prove to be realistic.

The FDIC, which has set aside a reserve of \$1.3bn to meet the ultimate costs of the Continental rescue, said that it would be making its own independent estimate of the losses. What does seem clear is that the original shareholders in Continental Illinois will ultimately lose almost the whole of their investments, since the FDIC has an option which will effectively value the whole company at less than \$10,000 if the losses on the assumed loans eventually exceed \$800m.

Eurodollar market remains in grip of holiday mood

BY CLARE PEARSON

TODAY IS the last chance for Eurobond houses to boost their position in the 1986 book running league tables, so the market has been virtually closed for any last minute deals.

The two-tranche deal was meeting firm demand, particularly from Swiss investors. Yesterday the five-year 5 1/2 per cent tranche was sold at a bid price of 99 1/4, compared with a 101 issue price. The eight-year 6 1/2 per cent tranche traded at 99 1/4, 1 1/2 per cent below its issue price.

Prices were firmer again in Switzerland with an unusually large number of bonds traded. A SFR 165m issue for General Motors dropped 1/2 point yesterday to close at 102 1/2, while Standard Chartered's SFR 300m equity-linked issue gained 1/2 point to close at 85 1/2, compared with a par issue price.

Motors dropped 1/2 point yesterday to close at 102 1/2, while Standard Chartered's SFR 300m equity-linked issue gained 1/2 point to close at 85 1/2, compared with a par issue price.

Swiss banks agree joint policy on reallowances

BY OUR EUROMARKETS STAFF

THE LEADING Swiss banks have agreed on a joint policy regarding reallowance amounts following the repeal this month of a convention of the Swiss Bankers Association. This convention specified the amount of the reallowance granted to third parties not directly involved in an underwriting bond for a foreign borrower.

8 were eligible for the reallowance. Now others, including institutional investors and private clients if they subscribe for a minimum amount, will be allowed to benefit. The banks have agreed that the reallowance may now be allocated up to a maximum of the selling concession during the whole subscription period. Previously, this amount was available only during the first few days of syndication, in the case of a fixed rate issue, or if a subscription were made before an indicated pricing. After that, the reallowance was limited to 1/2 per cent.

The changes come into effect tomorrow.

Previously, only certain subscribers covered by Convention

NOTICE OF REDEMPTION

Kaiser Aluminum & Chemical International Company

5% Subordinated Guaranteed Sinking Fund Debentures Due 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of February 1, 1986 and the Debentures of the above-described issue, there has been drawn as of February 1, 1987...

Table with columns for Coupon, Maturity, and Principal Amount. Lists various debenture series and their respective values.

On February 1, 1987 the Debentures designated above will become due and payable at the principal amount thereof, subject to applicable laws and regulations, either (a) at the corporate trust office of the Morgan Guaranty Trust Company of New York...

Debtors surrendered for redemption should have attached all unattached coupons surrendered thereto. Coupons due February 1, 1987, should be detached and collected in the usual manner. On and after February 1, 1987, interest shall cease to accrue on the Debentures herein designated for redemption.

Subject to the provisions of the Indenture, on or prior to the close of business on the redemption date, the Debentures selected for redemption may be surrendered at the offices of any of the Paying Agents for conversion into shares of Common Stock of Kaiser Aluminum & Chemical Corporation at the current conversion price of \$24.62 per share.

KAISER ALUMINUM EUROPE INCORPORATED (formerly Kaiser Aluminum & Chemical International Company)

Dated: December 31, 1986

NOTICE OF REDEMPTION

Warner-Lambert International, N.V.

10 1/4% Guaranteed Notes Due 1990

NOTICE IS HEREBY GIVEN that, pursuant to the terms of the Fiscal and Paying Agency Agreement among Warner-Lambert International, N.V. (the "Company"), Warner-Lambert International (Guarantor) and Irving Trust Company, as Fiscal and Paying Agent...

The Redemption Price will become due on the Redemption Date and will be made, upon presentation and surrender of the Notes together with all unattached interest coupons, if any, maturing subsequent to the Redemption Date, at the offices of the following paying agencies of the Company for such purposes...

On and after the Redemption Date, interest shall cease to accrue on the Notes and the note of a holder thereof shall be to receive the Redemption Price. Interest coupons due February 1, 1987 should be detached from the Notes and presented for payment in the usual manner.

Irving Trust Company, as Fiscal Agent and Paying Agent

Dated: December 31, 1986

U.S.\$150,000,000 Floating Rate Participation Notes Due 1993

issued by Primbond GmbH for the purpose of making a loan to CREDIOP

A FINANCIAL TIMES SURVEY SMALL BUSINESSES

The Financial Times proposes to publish a Survey on the above on Monday March 2 1987. For further details, please contact: ANDREW WOOD on 01-248 5116

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on December 30

Table with columns for Bond Name, Issued, Maturity, Bid, Offer, Yield, and Change. Lists various international bonds and their market data.

December 31, 1986, London, By: Citibank, N.A. (CISI Dept.), Agent Bank

CITIBANK

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UK COMPANY NEWS

Martin Dickson looks at the trends in UK takeovers during 1986
A year of mega-bids and City scandals

Management buy-in lacks support at Simon Engineering

BY CLAY HARRIS
MR PHILIP Ling's management "buy-in" effort at Simon Engineering has failed so far to win the support of the company's shareholders.

Siebe paying £19m for another US company

BY CLAY HARRIS
Siebe, the acquisitive controls and engineering group, is to pay \$27.5m (£19m) for W. H. Salisbury, a Chicago-based maker of high voltage electrical safety equipment.



Mr John Walker-Horath of the Takeover Panel

IT BEGAN with the feverish excitement produced by a wave of "mega-bids." It ended sourly, with a wave of City scandals stemming in large measure from the takeover boom.

Fothergill sees recovery

Fothergill & Harvey, the Lancashire-based advanced electrical insulation materials group which is fighting an unwanted £28.2m bid from Courtaulds, yesterday forecast a sharp second-half recovery—taking pre-tax profits to £2.7m in 1986.

victory, despite the intervention of Mr Robert Maxwell as a white knight.
And the Panel's legal position was clarified in an important judgment by the Appeal Court in early December following the first direct legal challenge to a Panel judgment.

insufficiently tough. The Cassandras may still be proved correct, but the Panel appears at the very least to have won a reprieve as a result of events during the past 12 months.

Maxwell transfers his Extel holding

By Clay Harris
Mr Robert Maxwell has transferred his holding in Extel, the business and sports information group, to a new company in which he says he has no beneficial interest.

Table titled 'TOP TAKEOVER BIDS OF 1986' listing various bids with columns for Bidder, Target, Cost, and Status.

petition problem—an unprecedented form of reorganising which allowed both bids to escape a monopolies reference.
As for the Monopolies Commission's judgements during the year, it gave Norton Opax the green light to launch its successful bid for McCaughey, for P & O to keep its stake in European Ferries (it later launched an agreed bid) and for Elders IXL to launch a highly-guessed bid for Allied-Lyons.

Hillsdown in £8.5m acquisition

Hillsdown Holdings, the acquisitive foods and furniture group, announced yesterday that it is buying a Scottish animal by-products processor, Forrest Rodgkinson Holdings, for £8.5m. The purchase price will be paid in a mixture of cash and shares.

Notice of Redemption Citicorp Overseas Finance Corporation NV. 10% Guaranteed Notes due February 1, 1989.

Table titled 'AIBD BOND INDICES' showing weekly Eurobond indices for US Dollar, Australian Dollar, Canadian Dollar, Euro Currency Unit, Yen, Sterling, and Deutschmark.

"shell" businesses with new managements claiming particular expertise.
Demerger Corporation, backed by the small corporate finance house Hincorp, Earl, launched an unsuccessful bid for Extel, the information business, with the aim of carving it up. Demerger Two is making a similar £90m bid for London and Northern, the construction, energy and healthcare business.

PKBANK US\$50,000,000 Floating Rate Notes due 1991. For the six months, 30th December, 1986 to 30th June, 1987 the interest rate has been fixed at 7.375% per annum.

The Republic of Italy U.S.\$500,000,000 Floating Rate Notes due 2005. In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 31 December, 1986, to 30 January, 1987, the Notes will carry an interest rate of 7.75% per annum.

BOARD MEETINGS table listing companies and their meeting dates.

U.S.\$40,000,000 SERIES 19 TELEFONOS DE MEXICO, S.A. Six Month Notes Issued in Series under a U.S.\$75,000,000 Note Purchase Facility.

U.S.\$125,000,000—SERIES 20 CELANESE MEXICANA, S.A. Six Month Notes issued in Series under a U.S.\$125,000,000 Note Purchase Facility.

£75,000,000 Yorkshire International Finance B.V. Guaranteed Floating Rate Notes due 1994. Guaranteed on an unsubordinated basis by Yorkshire Bank PLC.

FINANCIAL TIMES SURVEY The Financial Times proposes to publish a Private Health Care Survey on January 21 1987. The following subjects will be covered: 1. Introduction, 2. Investment into New Hospitals, 3. Cost Containment, 4. NBS—Private Sector Links, 5. The Provider Associations, 6. Occupational Health, 7. The Aged, 8. The Voluntary Sector, 9. Specialist Treatment, 10. Alternative Medical Treatments, 11. Party Attitudes, 12. The US.

EUROPE'S BUSINESS NEWSPAPER Wells Fargo International Financing Corporation N.V. U.S. \$50,000,000 Guaranteed Floating Rate Subordinated Notes due 1996.

NATIONAL BANK OF DETROIT US\$100,000,000 Floating Rate Subordinated Capital Notes due 1996. Notice is hereby given that in respect of the Interest Period from December 31, 1986 to March 31, 1987 the Notes will carry an interest rate of 6 7/8% per annum.

Hanson Trust Hanson Trust's US subsidiary HK-9 has received valid acceptances totalling 5.37m shares from shareholders in the California-based Kaiser Cement, for which Hanson made a \$200m recommended offer in November.

English China English China Clays has become the sole owner of Fujii Kaolin, Japanese maker of paper-coating pigments, by buying the 50 per cent stake held by ITC Enterprises, its US partner, for about \$2m.

U.S.\$300,000,000 The Kingdom of Belgium Floating Rate Notes Due May 2005. In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 6 7/8% for the Interest Determination Period 31st December, 1986 to 31st March, 1987.

GRANVILLE SPONSORED SECURITIES table listing various securities with columns for High, Low, Company, Price, and Yield.

Handwritten signature or mark at the bottom of the page.

# MANAGEMENT

A GOOD calendar, it seems, is one you can't pin down. The best test, according to one FT colleague, is to leave it on the desk and see how long it takes to walk. The record is a matter of minutes. The calendar, not surprisingly, was from Pirelli, the Italian tyre manufacturer, whose self-conscious visions of beautiful girls are now collectors' items, setting a standard by which others are still measured.

Another company, Unipart, the spare parts and accessories division of Austin Rover Group, reports that 50 of its raunchy "streetwise" calendars, shot this year by David Bailey, went missing before they left the local post office.

Business calendars are promotional tools, corporate forget-me-nots that act throughout the year to remind favoured clients, customers and contacts of the company's business. As such, they vary in mood enormously, from the dire and burlesque, as a trot round some of the leading European companies confirms.

The most prized calendars, I am reliably informed, are of the fleshy persuasion. Pirelli, Unipart and Lamb's Navy Rum lead the field and certainly there is no shortage in the office of men queuing up to acquire the samples sent in.

Pirelli blazed the trail more than 10 years ago, with its lovingly photographed shots of undressed women which shifted the tacky garage mechanic product into classy collector's item. Calendar art had found a champion.

The calendars assumed cult status. People borrowing and begging copies. When the company temporarily abandoned its pricey product, Unipart stepped into the breach, in an unashamed attempt to cash in on the cachet of Pirelli. Early attempts failed. But when Patrick (Lord) Lichfield was hired in the mid-1980s, the world took notice. The cocktail was the same: exceptional photography, exquisite girls, and exotic settings — Kenya, Bali, Nevada.

The public then began to clamour or what Unipart customers were privy to. When some 2,000 calendars were left over one year, the company offered them for sale and in two weeks they were sold out. And that was in February.

The lesson learned, Unipart allocated 5,000 the following year for public consumption and these "went like hot cakes." Three feature films for television using the laconic Clive James and three coffee-table books, one written by Jilly Cooper, followed. The first two books sold a healthy 120,000 between them. This year the calendar budget is £120,000 in total and the print run limited to 17,000 (from 22,000) to main-



Three of the more successful seasonal offerings from: (1 to r) Pretty Polly, 2 and Pirelli

## Marketing tools or missed opportunities?

Some calendars are more corporate than others. Feona McEwan reports

tain exclusivity. "Why devalue the currency?" says a company spokesman.

"What started as publicity for our customers," he continued, "developed into people buying our publicity. (Today's street price is £11.80). Now our costs are virtually nil, hut in terms of mileage of editorial coverage it's been quite extraordinary with features in colour supplements and other articles, all of which generate interest in the company. Now the calendar is very much a marketing and public relations tool and designed as such."

Last year the calendar, whose 13 shots were selected from an original 6,000, won the Kodak Award for Calendar Photography. This year Unipart breaks with tradition and features products in its 1987 offering. Anyone who can use car parts to clothe (well, partly clothe) the female form has to do it with an air of style to get away with it. David Bailey's effort was greeted hotly in this office. His overtly suggestive poses of haughty glossy models astride giant oil cans and spanners were greeted with dismissive grunts and comments of "soft porn," "reminiscent of Nazi Germany," and "disgusting." Far more promising, the moody, sensual shots of last year's Lichfield models, distant nakedness dwarfed by gentle

futuristic landscapes had them rhapsodising. No pretensions about the Lamb's Navy Rum girls; this calendar takes its cues from its traditional advertising campaign, ably assisted by revealing slivers of cloth.

But it's a rare company that devotes so much energy and funds to its calendar. Many of the large multinationals, with myriad operating divisions do without altogether, since needs are so disparate. Bass, the brewing-to-hotels group, is a typical example. "Each region has its own ideas and different requirements," explained a spokesman. Charrington, the London end of the Bass brewing group, favoured olde worlde, sepia pictures while Bass in the north liked to feature its pubs, and Tennents' Scotch Whisky focuses on the girls who serve in its hotels.

British Petroleum, too, finds its divisions plump for a variety of moods. "Girly calendars for the motor mechanics, highly artistic shots for geologists and academics."

Broadly speaking, there are two kinds of business calendar. Those that have no ostensible relation between picture and company product and those that give you no chance to forget their business, by insisting on a product in every picture.

First, the "insistent" school of business calendar. Brooke Bond Oxo, brand leaders in tea bags and leaves for some 30 years, looks no further than its long-running television advertising campaign. Its 1987 calendar features the familiar chimps-in-drag shots, taken from the forthcoming campaign. In the six or so years the calendar has been produced, it has enjoyed considerable success, according to the public through on-pack offers, demand runs into many thousands.

Pretty Polly, the hosiery company, too, having abandoned its attempt at a wall planner through lack of interest, finds pictures of its latest hosiery ranges so down well with the women store buyers they are aimed at. "It surprises me," commented one ingenious male spokesman, "how many women appreciate good shots of other women..."

Elf, the French oil company, sticks to its knitting and makes its calendar, sensible enough, an extension of its considerable sponsorship programme by featuring racing cars and bikes of the rallying and formula kind.

However, pictures of products can be pedestrian in the extreme unless handled by an able eye. Less successful is

the offering from Massey Ferguson, the farming machinery company. Pleasant enough landscapes of fields in bloom are spoilt by the imprint of a tractor on top of each field. Same with GEC Reliance's wall planner. With a fringe of brochure cover snapshots showing computers, telephones and fire extinguishers, it looks as if it has been laid out by engineers. "The idea is to remind people of the company's products," says a spokesman. "It should be able to trigger a phone call or two."

Unlucky industries appear to fare best when they veer away from the obvious. Shell and ICI both score here. Not an oilrig or a factory in sight. Instead rolling landscapes for Shell, taken from its Shell Guides to the countryside, appealingly laid out with restrained art direction, elegant typography, and plenty of white space, the only corporate message is the Shell silhouette.

ICI goes for watercolours of wildlife by Alan Hunt, preferring lagopus lagopus and capreolus capreolus (otherwise known as red grouse and roe deer) to take the mind of the plant that is the real stuff of its business. The best of the divisional calendars is chosen to carry the corporate standard: for years the Fiat Foundation division has been coming up trumps; "they have a lot of taste..."

Beecham Group also plays safe with timeless artists; its large square calendar this year is a tribute to Thomas Gainsborough. It distributes about 58,000 a year.

Service industries have a less obvious brief when it comes to attempting to represent their services in pictures. Outstanding here is the 21 (Investors in Industry) calendar, thick as a door-mat and heavy as a small wet dog. Original as the companies it no doubt chooses to back in its role as venture capitalists, it shows pithy cartoons, one for each week, by the American Charles Barsotti reflecting the sillier moments of office life—a giggle a week.

As for the Swiss, they look no further than their own backyard. Swiss Bank Corporation, Ciba-Geigy and Nestlé all head among the mountain and plains of their own country when it comes to sending pictures to their European clients.

Many of the top conglomerates avoid the corporate calendar concept altogether, the American Charles Barsotti, Sainsbury, Marks and Spencer, Allied Lyons, Bass, General Universal Stores, Philips, Courtauld and Siemens.

Some prefer the company diary... but that is another story.

## When the best-laid plans fall at cultural hurdles

Michael Skapinker explains the relevance of anthropology to industry

THE MANAGERS of a small factory in the North of England had a problem. They did not understand what made their workers tick. The workers were mostly young women doing piece-work: the more they worked the more they earned.

Some responded to this incentive and worked hard. Others did not seem to be interested in what they earned. Most puzzling of all was that some of those who had previously worked hard suddenly lost interest, and some who once had no interest suddenly began to increase their output.

Management called in a consultant called Dan Gowler. Gowler had trained as an anthropologist. Instead of just examining industrial relations in the factory, he had a look at the local culture in that particular part of the North of England. That gave him the answer that had eluded the managers of the factory.

He discovered that in that part of the country, when young women started work they gave all their earnings to their mothers. The mothers gave them a certain amount of spending money in return. This was known as "living in." It continued until the worker found a serious boyfriend, a probable "giving in," the worker now went "on board," giving her mother a fixed amount and keeping the rest. It was only the workers who had serious boyfriends at the time who tried to maximise their earnings.

The story was related by Dr Gerald Mars at a panel discussion earlier this month organised by the Royal Anthropological Institute. The discussion, the Institute's contribution to Industry Year, attempted to find ways in which social anthropologists could turn their eyes away from the societies of Africa and the South Pacific and focus them instead on helping British industry.

Mars himself an anthropologist, said that difficulties such as the one described above need to be understood in cultural rather than purely industrial terms. The employees came from a culture which caused them to behave

in the way they did. But managers have a culture too, he said, which can prevent them from finding solutions to industrial problems. It is in mediating between these cultures that social anthropologists have a role to play, he believes.

Managerial culture, which crosses geographical boundaries, consists of six beliefs, according to Mars. First, managers believe that their careers should progress over a period of time. They think that others should aspire to this notion too. Second, they believe that people are primarily motivated by economic factors. Third, they think that each individual should be responsible for his or her own destiny.

Their fourth belief is that kinship is not very significant beyond the nuclear family. Fifth, they believe that ties of neighbourhood are not that important. Finally they believe that time is the scarcest of all resources and, like money, should not be wasted.

### Mobile

Not all managers subscribe to all these beliefs with equal fervour, Mars conceded. In most do to a large extent. Managers are more likely than many of their workers to be mobile and to regard the advancement of their career as more important than remaining alongside their neighbours or extended family. That was why the managers in the factory in the north were unfamiliar with the local culture. "Managers believe, like any other culture, that their culture is the natural one. They find it difficult to understand and validate other people's belief systems," Mars said.

Mars was able to use his anthropologist's training to solve another industrial relations problem at a warehouse in Canning Town in the east end of London. The warehouse, staffed by members of a tightly-knit community, had recently been taken over by a multinational company. As part of the reorganisation of the warehouse, the company wanted to increase the number of foremen from five to seven.

The new management could

not, however, find an additional two people who were willing to be promoted. Why, the managers asked Mars, was there nobody in the warehouse interested in the higher pay that went with the foreman's job?

Mars found that the five existing foremen did not come from Canning Town. They were the only outsiders in the warehouse something management did not know. The reason management could not find additional foremen was that there were no other outsiders left to promote.

Any local worker who accepted a foreman's job would be regarded as a traitor. There was another factor. The workers in the warehouse operated a system of distributing goods stolen from the warehouse to their families. "Nobody wanted to be a foreman because you didn't have such access to pilferage and such access to pilferage was the responsibility for stopping it or trying to," Mars said.

So if social anthropologists have a contribution to make to industrial relations, how can industry be persuaded to use them? You need to turn that question on its head, according to Professor Lorraine Baric of Salford University, one of the other speakers on the panel. In Baric's experience managers tend to be open to help of this sort. It's the anthropologists who are reluctant to give it.

There is, she said, a long tradition of anthropological inquiry into industry, going back to the work of Elton Mayo in the 1930s. But generally, she said, few anthropologists have found industry a stimulating field of inquiry.

"Many share the deeply ingrained view in our society that 'useful' research is somehow demeaning which immediately puts paid to the idea of successful applications," she said.

A Group for Anthropology in Pulley and Practice, has recently been set up to encourage practical application of anthropologists' skills. A recent meeting of its northern branch on career prospects in industry attracted only five people. Clearly it will take more than industry Year to effect a change in anthropologists' culture.

## TECHNOLOGY

# Ferrets that bleep and bras with minds of their own

By Peter Marsh in London and Carla Rapoport in Tokyo

TALKING dolls, walking robots, throw-away cameras and bras which memorise their wearers' shape—these are just a few of the products which emerged from the \$300bn or so that the world spent on technical research and development in 1986.

Even though historians may well remember 1986 for the technology that failed to work—the Challenger space shuttle, the Chernobyl reactor and Britain's Nimrod radar aircraft—the year will also be recalled for a vintage output of gadgets for a variety of imaginative, sometimes bizarre, uses.

Taka Zillian, a ping-pong playing robot invented by Dr John Marr, a general practitioner in Middleborough, England. The machine can just about push back a ball across a net, although Dr Marr, who built the contraption in his



California firm, Odetics, plans to sell in 1988 at about \$1m each. In June, Odetics completed a prototype, called Robin, which can walk at 4 miles/hr and pick things up with a six-foot retractable arm. The robots will be used mainly for doing dangerous jobs inside nuclear power stations.

Maintaining the Japanese tradition of being streets ahead of everyone else in gizmos is Fuji Photo, which in July brought out a disposable camera. The company insists that the device, which it calls a Film with a Lens and which sells for about £5.50, is not a real camera, as it works only outdoors, and in fine weather. Once you take 24 snaps, the film is developed and the lens and shutter apparatus are thrown away.

The product has been Japan's smash hit of the year, selling 400,000 units by November.

Competing with Zillian in a race to become the first robot to beat a human at table tennis is a device made by scientists at Bell Laboratories, in the US. Their machine can return balls rebounding from a wall and developments of this sort, so observers believe, could ultimately lead to novel packaging robots in factories. The machines promise to be adept enough to catch items like cans of food as they are flung through the air, avoiding the necessity for conveyors.

you have an eye for the unusual, you might appreciate the six-legged robota which a

Fuji plans a major promotional push overseas, where it is hoping to sell both to individuals and to companies which want novel gifts to hand out to customers.

Then there is the "car of the future," unveiled at the 1986 Electronics Fair in Tokyo. Sanyo Electric, the car's developer, claims it is the first vehicle to be powered by amorphous-silicon solar cells, best known for their use in calculators and watches.

The car, which looks like a futuristic golf cart, can carry one person 25 miles, after it has sat in the sun for six hours being charged up. Sanyo says the car is better than existing electric vehicles because it can be charged anywhere, assuming



about the yen's appreciation: Wacoal is successfully charging \$20-\$40 for Memorywire, compared with the average US price of \$12-\$20 for an ordinary bra. If Japanese women are getting closer to technology, the same could be said of the average German who is worried about tooth decay. Capitalising on the customary Germanic angst about almost everything, makers of electric toothbrushes have started selling devices that switch on electronically for one minute—no more, and no less—to ensure that teeth receive exactly the recommended dose of treatment.

Other hot sellers in West Germany this year have included, thanks to the worrisome effects of the Chernobyl accident, geiger counters. Also popular were home blood pressure meters, which people have been anxious to buy on account of the potentially unpleasant effects of all that worrying. Space extravaganzas can

### GIZMOS OF 1986

always he relied on for interesting technical spin-offs. Diversi-Tech, an enterprising company in Salt Lake City, came up with a novel technique to treat eye problems, borrowing ideas from the Soviet space programme.

Because eye drops would float around in space, causing immense trouble to cosmonauts—Soviet doctors invented a small polymer-based wafer, impregnated with drugs, that sits on top of the eye ball like a contact lens. Over several days, the wafer releases medication to the eye, in a controlled fashion.

Diversified Tech is equipping a factory in Brussels, Belgium, to turn out the wafers in high volumes suitable for treating patients with ailments such as glaucoma and conjunctivitis. Under a royalty agreement, the Soviet Government will gain a slice of the sales.

Not to be outdone when it comes to human physiology, Japanese researchers have come up with 18 types of tea-bag medicines for conditions ranging from the common cold to high blood pressure and piles. A six-day course of the medicines, which are sold by Asahi Beer, the brewer, costs about £5. The company makes no promises about cures and, if the customer still ails, recommends another time-tested pain reliever, Asahi Beer.

Still on the food front, Lambda Physik, a German laser company, is working on a new kind of ultraviolet laser that will purify wine, removing all the cloudy bits that interfere with drinking.

The French invention of the year, meanwhile, so easily have been a gas-chromatography device for detecting the whereabouts of truffles, these delicacies normally spotted by specially trained pigs. Unfortunately, the device failed to work, keeping the pigs out of the dole queue.

A company in Britain, Dehen Electronics, had better luck with an electronic gadget for attaching to ferrets so their movements can be monitored as they dig underground in search of rabbits. Ask Americans with small children to name their favour-



ite invention of 1986 and you will hear a chorus of cheers for the "superabsorbent" disposable nappies that appeared on supermarket shelves early this year.

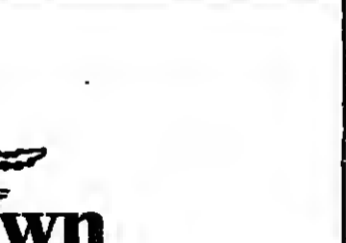
Products from Procter and Gamble led the way, with Kimberley Clark following up with its own brand of throw-away diaper. The latter can absorb up to 80 times its own weight of liquid. The secret of the state-of-the-art diaper is polycrystalline crystals hidden in the padding. The crystals soak up moisture and turn it into gel, keeping baby dry.

Mug's tune can be replayed 10,000 times, according to the makers' claims. During the year, wrist watches continued to move into new areas of sophistication, with the title of watch of the year surely going to the Casio Data Bank, another product of Japan. As the name implies, the gadget is much more than a watch. The wearer can insert into the device, using the letters and number of the calculator keyboard, a diary of appointments and also up to 100 entries of a telephone directory. Not only that, the £40 gadget automatically puts names in alphabetic order, with a forward-and-back scrolling system to allow easy scanning of names and numbers.

Many watches will work under water—but one, sold in Britain by Zeon, actually thrives when immersed in this state. Wine or beer will do just as well as the company says helpfully. The secret is the watch's battery, the electrolyte of which is regenerated when it comes into contact with fluid. This is reminiscent of the ballpoint pen, developed for use in weightlessness by US astronauts and sold as a novelty by a company in Colorado. The pen works supremely well under water, and hardly at all in air.

US technical ingenuity was also in evidence in the "intelligent" dolls which have crept onto the toyshop shelves this year. The dolls make preprogrammed remarks when they are picked up, hugged or spoken to. Eyes and mouth move in asynchronism with their words, to produce a startlingly life-like effect. If they are signalled for too long, these dolls are likely to declare themselves sleepy and shut their eyes. A doll called "Baby Talk" even gurgles down a bottle when it is placed in her mouth.

If talking dolls are not to your taste, how about musical caddies or singing mugs? While the musical caddies have been a Christmas success in Japan—the devices contain a sensor that triggers a music box when a flame is lit—the mugs are made in Taiwan. They contain electronic circuitry (driven by solar cells) which plays a melody when the mug is picked up. Amusingly for anyone who dislikes such jingles, each



Unfortunately, the invention is top secret, so little more can be said about it. In a similar classified category is a UK design for a space-going aeroplane, Motos. This is, apparently, a novel and excitingly practical work, although no one can be too sure, because the Defence Ministry has placed security wraps around the project.

The musical invention of the year was a computerised piano, made by Bösendorfer, of Austria. The £700 machine uses mechanical systems to record tunes—anything from Silent Night rendered with two fingers by a Beethoven sonata played by a concert hall maestro—and then to play them back with the keys moving as though a person was actually sitting at the piano stool. By twiddling with the controls on the computer console, an engineer can remove blemishes from a performance, by taking out wrong notes, for example, in compensation if the pianist is having an off day.

Good lateral thinking was shown by a small British company, Geoptiq, which used to be in the business of geophysical devices for oil companies but which has branched out into clever cable systems for detecting break-outs from prisons or intrusions into military camps. The mechanisms are now on trial in the US. And as people look forward to their summer vacations, they traditionally do in the aftermath of Christmas—they might like to reflect on an innovation in graphics computer systems by Crosfield Electronics, another British concern. The hy printer is used extensively to retouch photographs, to make the sky bluer or the sand slightly less grey-looking. Happy holidays!

With contributions from Louise Kehoe in San Francisco, David Marsh in Bonn and Tony France and John Griffiths in London. Illustrations by Roger Beale



Best-laid plans... natural hurdles... relevance of anthropology... they did. But man... a culture too... can prevent them... solutions to indus... these cultures have... he believes...

AUTHORISED UNIT TRUSTS

Table listing various unit trusts with columns for name, manager, and other details.

FT UNIT TRUST INFORMATION SERVICE

Main table listing numerous unit trusts, their managers, and performance metrics. Includes sub-sections like 'Funds in Growth', 'Local Authorities' Mutual Invest. Yr.', and 'London & Manchester (Vol Mgmt)'.

JOTTER PAD advertisement for Financial i Limited, featuring a notepad image and contact information (01-351 6955).

FT CROSSWORD PUZZLE NO. 6,215

Crossword puzzle grid with clues and a solution key for puzzle number 6,214.

ACROSS 1 May well bring rates problem to a Scousman (8)... 2 Female embodiment of flowers-power? (6)...

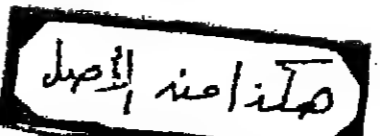
Handwritten note: 'لا يولد' (Layl)

AUTHORISED UNIT TRUST & INSURANCES

Main table containing financial data for various insurance and unit trust companies, including names like American Life Insurance Co, British National Life Assurance, and various fund names with their respective values and percentages.

Handwritten signature or initials at the bottom center of the page.





INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and financial services, including company names and contact information.

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Table listing various insurance and financial services, including company names and contact information.

OFFSHORE AND OVERSEAS

Table listing various offshore and overseas financial services, including company names and contact information.

Money Market Trust Funds

Table listing various money market trust funds, including fund names and performance metrics.

Money Market Bank Accounts

Table listing various money market bank accounts, including bank names and account details.

Notes

Notes section containing financial commentary and market analysis.

TRADITIONAL OPTIONS

Table listing various traditional options, including option names and prices.

MANAGEMENT SERVICES

Table listing various management services, including company names and contact information.

INTERNATIONAL APPOINTMENTS

International change for UBS

Mr Mathis Caballavetta is to take charge of the international division of the Zurich-based bank...

New management makes its mark on Cominco

THE NEW WEST GERMAN, Australian and Canadian shareholders of Cominco...

Norman Kervil, Jr. as chairman of Cominco in succession to Mr Norman Anderson...

Swissair in major reshuffle

SWISSAIR is to carry out a major reshuffle to top executive positions in 1988...



Mr Robert Stanlib (left) is next year to surrender the presidency...

Sulzer sets up succession for 1988

MR PIERRE BORGAUD, currently chief executive officer of Sulzer Brothers...



Mr Fritz Fahrni is in line for top job at Sulzer...

Fed New York

The Federal Reserve Bank of New York has appointed Mr Alberto M. Paracchini...

British Aerospace marketing director

Mr I. A. Sanson has relinquished his post as marketing director of BRITISH AEROSPACE...

United Mizrahi chief quits

MR MOSHE MAN is to resign as managing director of the United Mizrahi Bank...

man of the boards of the Bank Leumi offshoots in Switzerland and in France...

Corporate planning switch at GE

GENERAL ELECTRIC COMPANY, the diversified Connecticut industrial concern...

maker, has reorganised its managerial division in challenge to Toyota Motor Corporation...

UK APPOINTMENTS

Mr Peter Rees has been appointed a director of THE FARMING MERCANTILE INVESTMENT TRUST...

Mr Joe Fox has retired from DESOUTTER BROTHERS (HOLDINGS)...

Mr Jim Barry and Mr Malcolm Foster have been appointed directors and Mr Paul Hannah...

Mr Peter Rees has been appointed a director of THE FARMING MERCANTILE INVESTMENT TRUST...

Mr S. E. Halliwell, chief general manager, has been appointed managing director of the NATIONAL EMPLOYERS' MUTUAL GENERAL INSURANCE ASSOCIATION...

Mr John Halbert has been appointed works director of BRIDGE GRAPHICS HULL...

COMMODITIES AND AGRICULTURE

LONDON MARKETS

NORTH SEA oil prices maintained their post Christmas slump...

INDICES

Table with REUTERS and DOW JONES indices including Dec 30 Dec 29Mth Ago Year ago and Dec 29 Dec 28.

MAIN PRICE CHANGES

Table with METALS section including Aluminium, Copper, Lead, Zinc, and Tin.

OILS

Table with Crude Oil (Dollars) and Fuel Oil prices.

GRAINS

Table with Wheat, Maize, and Soybean Meal prices.

COPPER

Table with Copper prices for various grades.

COCOA

Table with Cocoa prices for various grades.

NICKEL

Table with Nickel prices.

TIN

Table with Tin prices.

ZINC

Table with Zinc prices.

GOLD

Table with Gold prices.

SILVER

Table with Silver prices.

US MARKETS

COMMISSION HOUSES and locals were responsible for most of the activity in the futures markets...

NEW YORK

Table with ALUMINIUM 40,000 lb. prices.

COPPER

Table with Copper prices.

COCOA

Table with Cocoa prices.

NICKEL

Table with Nickel prices.

TIN

Table with Tin prices.

ZINC

Table with Zinc prices.

GOLD

Table with Gold prices.

SILVER

Table with Silver prices.

GOLD 100 Troy oz. 5/Troy oz.

Table with Gold prices.

HEATING OIL

Table with Heating Oil prices.

SUGAR WORLD "11"

Table with Sugar prices.

CHICAGO

Table with Live Cattle and Live Hogs prices.

SOYBEAN MEAL

Table with Soybean Meal prices.

WHEAT

Table with Wheat prices.

CRUDE OIL

Table with Crude Oil prices.

POTATOES

Table with Potato prices.

SUGAR

Table with Sugar prices.

HEAVY FUEL OIL

Table with Heavy Fuel Oil prices.

WHEAT

Table with Wheat prices.



AGRICULTURE MARKETS... WHEAT... CORN... SOYBEANS... FUEL OIL... FUTURES... CATTLE... PORK... LIVE CATTLE... LIVE HOGS... LIVE SHEEP... LIVE GOATS... LIVE CATTLE... LIVE HOGS... LIVE SHEEP... LIVE GOATS... LIVE CATTLE... LIVE HOGS... LIVE SHEEP... LIVE GOATS...

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar held ahead of year end

THE DOLLAR showed little change yesterday... The dollar held its ground... The dollar's strength was underpinned by... The dollar's strength was underpinned by...

FINANCIAL FUTURES

Weak in quiet trading

DOLLAR DENOMINATED contracts weakened... The dollar-denominated contracts weakened... The dollar-denominated contracts weakened...

EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Unit, Rate, Change. Includes Germany, France, Italy, Spain, Greece, Portugal, Ireland, UK, etc.

STERLING INDEX

Table with columns: Date, Index Value, Change. Shows sterling index performance over time.

CURRENCY RATES

Table with columns: Currency, Rate, Change. Lists various international currencies and their rates.

CURRENCY MOVEMENTS

Table with columns: Currency, Movement, Change. Details specific currency movements and trends.

OTHER CURRENCIES

Table with columns: Currency, Rate, Change. Lists other international currencies.

PHILADELPHIA 65 C23 OPTIONS

Table with columns: Symbol, Price, Change, Bid, Offer. Options data for Philadelphia 65 C23.

LEONARD 65 C23 OPTIONS

Table with columns: Symbol, Price, Change, Bid, Offer. Options data for Leonard 65 C23.

LEONARD 65 C23 OPTIONS

Table with columns: Symbol, Price, Change, Bid, Offer. Options data for Leonard 65 C23.

LEONARD 65 C23 OPTIONS

Table with columns: Symbol, Price, Change, Bid, Offer. Options data for Leonard 65 C23.

BURSA MALAYA EXCHANGE

Table with columns: Symbol, Price, Change, Bid, Offer. Bursa Malaya exchange data.

BURSA MALAYA EXCHANGE

Table with columns: Symbol, Price, Change, Bid, Offer. Bursa Malaya exchange data.

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BURSA MALAYA EXCHANGE

Table with columns: Symbol, Price, Change, Bid, Offer. Bursa Malaya exchange data.

MONEY MARKETS

London rates ease

INTEREST RATES had a slightly easier tone... The Bank of England lowered its base rate... The Bank of England lowered its base rate...

FT LONDON INTERBANK FIXING

Table with columns: Currency, Rate, Change. FT London interbank fixing rates.

MONEY RATES

Table with columns: Currency, Rate, Change. Money market rates.

LONDON MONEY RATES

Table with columns: Currency, Rate, Change. London money rates.

NEW YORK

Table with columns: Currency, Rate, Change. New York market data.

LONDON MONEY RATES

Table with columns: Currency, Rate, Change. London money rates.

BASE LENDING RATES

Table with columns: Institution, Rate, Type. Base lending rates from various institutions.

Advertisement for Christiania Bank og Kreditkasse. Features text: 'This advertisement is issued in compliance with the requirements of the Council of the Stock Exchange...', '¥8,500,000', 'Christiania Bank og Kreditkasse', '7 1/2% Notes Due 1992', 'MORGAN STANLEY INTERNATIONAL'.

Advertisement for Banque Indosuez, Christiania Bank (UK), and Manufacturens Hannover. Features text: 'Application has been made to the Council of the Stock Exchange...', 'Morgan Stanley International', 'Kingsley House', '14 Wimpole Street', 'London, W1M 7LJ'.

Advertisement for Salinas y Rocha, S.A. Features logo 'SR', text: 'Salinas y Rocha, S.A.', '(Incorporated in the United Mexican States)', 'U.S. \$25,000,000', 'Floating Rate Notes Due 1988', 'In accordance with the provisions of the Notes and the Agent Bank Agreement between Salinas y Rocha, S.A., and Citibank, N.A., dated December 23, 1981...'.

Advertisement for Continental Illinois Overseas Finance Corporation N.V. Features text: 'CONTINENTAL ILLINOIS OVERSEAS FINANCE CORPORATION N.V.', '(Incorporated with limited liability in the Netherlands Antilles)', 'GUARANTEED FLOATING RATE SUBORDINATED NOTES DUE 1994', 'Continental Illinois Corporation', '(Incorporated with limited liability in Delaware, USA)', 'In accordance with the provisions of the Notes and the Reference Agency Agreement between Continental Illinois Overseas Finance Corporation N.V. and Citibank, N.A., dated June 24, 1982...'.

LONDON SHARE SERVICE

BRITISH FUNDS

Table of British Funds with columns for Name, Price, Dividend, and Yield. Includes sub-sections for 'Shorts (Lives up to Five Years)' and 'Five to Fifteen Years'.

Over Fifteen Years

Table of British Funds with a maturity of over fifteen years.

Index-Linked

Table of Index-Linked British Funds.

GOVT. BANK AND OSEAS

INT. BANKING ISSUES

Table of International Banking Issues.

CORPORATION BONDS

Table of Corporation Bonds.

COMMONWEALTH & AFRICAN

Table of Commonwealth and African Bonds.

FOREIGN BONDS & RAIS

Table of Foreign Bonds and Rais.

AMERICANS - Cont.

Table of American Stocks (Continued).

CANADIANS

Table of Canadian Stocks.

BANKS, NP & LEASING

Table of Banks, NP & Leasing.

BEERS, WINES & SPIRITS

Table of Beers, Wines & Spirits.

RETAIL

Table of Retail Stocks.

FINANCIAL

Table of Financial Stocks.

AMERICANS

Table of American Stocks.

BUILDING, TIMBER, ROADS - Cont.

Table of Building, Timber, Roads (Continued).

DRAPERY & STORES - Cont.

Table of Drapery & Stores (Continued).

ELECTRICALS

Table of Electrical Stocks.

CHEMICALS, PLASTICS

Table of Chemicals, Plastics.

DRAPERY AND STORES

Table of Drapery and Stores.

ENGINEERING - Continued

Table of Engineering Stocks (Continued).

INDUSTRIALS - Continued

Table of Industrial Stocks (Continued).

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc.

NOTELS AND CATERERS

Table of Hotels and Caterers.

INDUSTRIALS (Miscel.)

Table of Miscellaneous Industrial Stocks.

ENGINEERING

Table of Engineering Stocks.

INDUSTRIALS

Table of Industrial Stocks.

INDUSTRIALS

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INDUSTRIALS

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Table of Industrial Stocks.

Table of Industrial Stocks.

Handwritten note: 'John 1.50'

1 Times Wednesday December 31 1936

Handwritten Arabic text: "بازار اوراق"

INDUSTRIALS—Continued

Table of industrial stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

LEISURE—Continued

Table of leisure-related stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

PROPERTY—Continued

Table of property-related stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

FINANCE, LAND—Cont.

Table of finance and land-related stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

MINES—Continued

Table of mining stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

SHOES AND LEATHER

Table of shoe and leather stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

TEXTILES

Table of textile stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

INSURANCES

Table of insurance stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

PROPERTY

Table of property stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

LEISURE

Table of leisure stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

PROPERTY

Table of property stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

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PROPERTY

Table of property stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price and other financial metrics.

NOTES: Under various headings providing detailed information and commentary on the market, including regional and Irish stocks.

LONDON STOCK EXCHANGE

Government bonds and equities remain confident in sluggish trading session

Account Dealing Dates... First Declaration... Last Account...

Dec 22 Jan 8... Dec 12 Jan 22... Dec 22 Jan 22...

Trading activity on the UK securities markets died away yesterday...

The mood remained optimistic. Government bonds ended with small mixed changes but equities steadied after a dull start.

At the end of the session, the FT Government Securities Index was 0.7 up at 83.83.

Both sectors continued to pin their faith on a rise in oil prices in the New Year...

The oil-edged market showed little concern over the final UK money supply figures for November...

But oil shares traded very quietly, and showed little change in price.

Turnover in British Petroleum at 529,000 shares was barely one-third of recent daily averages...

Some speculative stocks attracted business, however. Guinness, encouraged by its US court victory...

Morgan Grenfell flat. The after-hours announcement that Mr Roger Seelig had resigned...

late offerings and closed a depressed session 15 lower at 370p. Guinness meanwhile reacted from a firm level of 294p on the news to finish only a penny better at 290p.

Guinness aside, relatively subdued conditions prevailed in the drinks sector. Occasional enthusiasm was noted for Whitehead A 255p.

Leading buildings displayed little alteration overall, but one or two issues still attracted a reasonable two-way trade.

Further buying interest to close 3p cheaper at 155p. Elsewhere, Finland continued to respond to an investment recommendation...

In contrast to Monday's bright performance, Stores traded in subdued fashion and finished a shade easier for choice.

FINANCIAL TIMES STOCK INDICES table with columns for Dec 30, Dec 29, Dec 28, Dec 27, Dec 26, Dec 25, Dec 24, Dec 23, Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1986, Since Completion.

Racial advance

Based featured the Electrical Manufacturers, rising 8 to 188p on further consideration of the group's plan to buy out minority partners in its Vodafone cellular telephone network in a £11.1m cash and shares deal.

Pearson were again briskly trading (£2.3m) in the wake of continued bid rumours and touched 619p before closing 11 higher on balance at 519p.

Leading Foods showed little alteration, but secondary issues displayed movements. Hilliards, a neglected market of late, revived strongly

and rose 10 to 173p, while Squirrel Hera, still reflecting Press continued to attract buyers and closed 3 pence to 383p.

Truistone were steady at 177p. A New Year recommendation by brokers Moore Govett gave Jaguar fresh impetus after the previous session's rise on record production figures and the shares gained 8 more to 531p.

A fresh bout of profit-taking in front of the preliminary statement, due tomorrow week, lowered Australian Newspapers 8

initially, but recovered to close unaltered on balance at 861p. A reasonable trade developed in Hanson Trust (3.0m) which closed at 190p.

Television issues were selectively firm. Yorkshire revived with a gain of 10 to 185p, while recently-issued Border TV put on 5 to 49p.

A New Year recommendation by brokers Moore Govett gave Jaguar fresh impetus after the previous session's rise on record production figures and the shares gained 8 more to 531p.

Component and Lucas Industries rose 2 to 473p, while Dewey revived with an improvement of 2 to 220p.

Oil drift. Turnover in the Oil sector contracted and the leaders, steady for

NEW HIGHS AND LOWS FOR 1986

Table with columns: NEW HIGHS (105), AMERICANS (3), STIRLING (1), INDUSTRIAL (18), NEW LOWS (10), AMERICANS (3), STIRLING (1), INDUSTRIAL (18).

LONDON TRADED OPTIONS

Table with columns: Option, CALLS, PUTS, Jan, Apr, July, Oct, Jan, Apr, July, Oct.

most of the session, drifted back late in the day to close with minor losses on balance. British Petroleum, settled a penny cheaper at 720p, as did Shell at 900p.

Traded Options

Traded option volume continued to improve and total contracts transacted amounted to 18,174. British Gas again proved to be the star performer with 3,648 calls and 1,524 puts struck.

Losses among heavyweights Golds were fractional. Randfontein closing 1/2 lower at 282. Among the smaller-priced producers, Lonmin's share price fell 10 to 298.2.

Traditional Options

First dealings Dec 15 Jan 19, Last dealings Jan 2 Jan 30, Last declaration Mar 19 Apr 2 Apr 23, For Settlement Mar 30 Apr 13 May 5.

Lively conditions continued to prevail on options with calls transacted in Anstrax, Feragbrook, Sears, Bristol Channel Ship Repairs, Camford Engineering, Blackwood, Baller, Morgan Grenfell, Hawley, Bernard Matthews, Norfolk Capital, Tip Top, Minton Brothers, Chloride, Tricontrol, United Guarantee, Dares Estates and Reasbrook. A 1500 was taken out in Auditorium, while doubles were struck in Bestwood and Royal Insurance.

TRADING VOLUME IN MAJOR STOCKS

Table with columns: Stock, Volume, Closing price, Day's change, Volume 000's, Closing price, Day's change.

RISES AND FALLS YESTERDAY

Table with columns: British Funds, Rises, Falls, Same.

LONDON RECENT ISSUES

Table with columns: Issue Price, Amount Paid, Latest Price, 1986, Stock, Closing Price, + or -, Net, Gross, P.E.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount Paid, Latest Price, 1986, Stock, Closing Price, + or -.

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Tuesday December 30 1986, Index No., Day's Change, etc.

AUSTRALIA

Table of Australian stock prices including ASX 200, BHP, and various mining and financial stocks.

GERMANY

Table of German stock prices including DAX 30, Volkswagen, and various industrial and financial stocks.

NORWAY

Table of Norwegian stock prices including Oslo 20, Statoil, and various industrial and financial stocks.

AUSTRALIA (continued)

Continuation of Australian stock prices including various mining and financial stocks.

JAPAN (continued)

Continuation of Japanese stock prices including various industrial and financial stocks.

CANADA

Table of Canadian stock prices including Toronto 300, Alcan, and various industrial and financial stocks.

BELGIUM/LUXEMBOURG

Table of Belgian/Luxembourg stock prices including C20, SAB, and various industrial and financial stocks.

SPAIN

Table of Spanish stock prices including Madrid 35, Banco de España, and various industrial and financial stocks.

SWEDEN

Table of Swedish stock prices including Stockholm 20, Volvo, and various industrial and financial stocks.

HONG KONG

Table of Hong Kong stock prices including Hang Seng, HSBC, and various industrial and financial stocks.

SINGAPORE

Table of Singapore stock prices including Straits Times, Shell, and various industrial and financial stocks.

NEW YORK

Table of New York stock prices including Dow Jones, S&P 500, and various industrial and financial stocks.

FINLAND

Table of Finnish stock prices including Helsinki 20, Nokia, and various industrial and financial stocks.

FRANCE

Table of French stock prices including CAC 40, Air France, and various industrial and financial stocks.

NETHERLANDS

Table of Dutch stock prices including AEX 100, Shell, and various industrial and financial stocks.

ITALY

Table of Italian stock prices including FTSE 100, Eni, and various industrial and financial stocks.

MONTECARLO

Table of Monte Carlo stock prices including various industrial and financial stocks.

INDICES

Summary table of various stock indices including AUSTRALIA, CANADA, GERMANY, JAPAN, NEW YORK, and others.

NOTES

Notes explaining the data in the indices table, including symbols and abbreviations.

OVER-THE-COUNTER

Table of over-the-counter market closing prices for various stocks.

NYSE-Consolidated 1500 Actives

Table of NYSE-Consolidated 1500 Actives showing volume and price changes.

MONTECARLO

Table of Monte Carlo market data including volume and price changes.

NEW YORK CLOSING PRICES

Table of New York closing prices for various stocks and indices.

LONDON Chief price changes

Table of London chief price changes for various stocks and indices.

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of stock prices with columns for stock name, price, and change. Includes sub-sections for 12 Month, 100 High, and 100 Low.

Continued on Page 25

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NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, Price, Change, and Volume. Includes sub-sections like 'Continued from Page 24' and 'Continued on Page 23'.

Table of AMEX Composite Closing Prices. Columns include Stock, Price, Change, and Volume. Includes sub-sections like 'Continued on Page 23'.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter (Nasdaq) national market closing prices. Columns include Stock, Price, Change, and Volume. Includes sub-sections like 'Continued on Page 23'.

Continued on Page 23
Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day where a split or stock exchange reorganization and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual distributions based on the latest declaration.

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